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The Simpler Things to Come from War Measures—Howard Coonley
Reasons and Effects of 1942 Corporation Taxes—J. K. Lasser



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The Cover

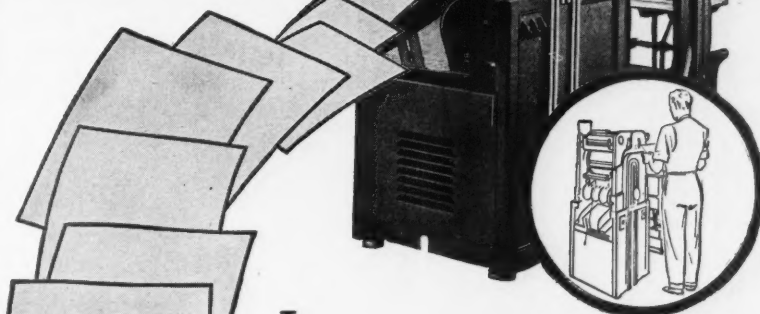
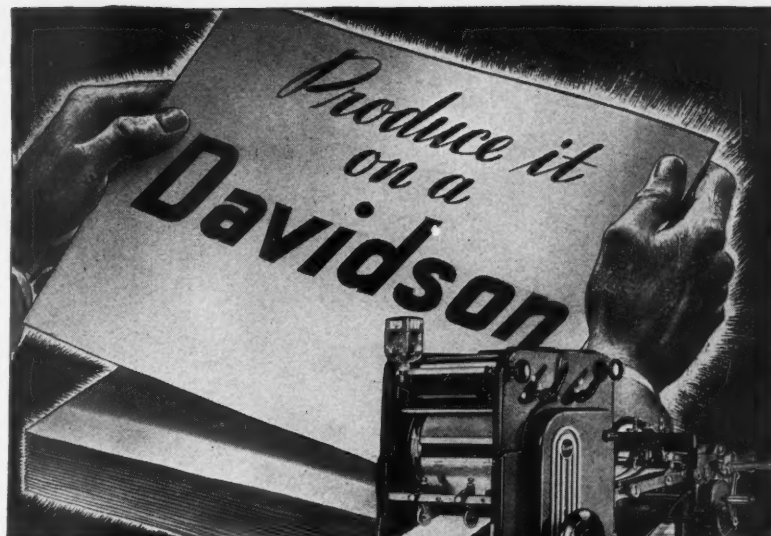
About 1726 the first settler, John Harris, came to the point on the Susquehanna where Harrisburg, Pennsylvania, is now located. When his son began to operate a ferry in 1753 the place became known as Harris's Ferry, a name retained until 1785 when the town was formally laid out and called Harrisburg. That year it was also made the seat of the new county of Dauphin, and its name changed to Louisburg. It was incorporated a borough in 1791 and the old name was resumed. Harrisburg became the capital in 1812 as a result of more than 25 years of political effort.

The river is one mile wide here, is usually shallow, and is dotted with islets. Coal and iron abound in the vicinity. Harrisburg is a concentration point for the Pennsylvania Railroad.

The population is 83,893. Harrisburg's 142 manufacturers produced goods valued at \$33,886,193 in 1939. Retail sales totalled \$50,349,000 in 1,550 stores; 218 wholesalers did \$49,707,000, and 633 service firms took in \$4,085,000. Manufactures include steel and iron products, meat, creamery, and lumber products, cotton apparel, precision machinery, and shoes.

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Harrisburg as it looks today; this view is from about the same place as the view on the front cover.—Photo by S. W. Kuhnert.



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ON the battlefield and on the home front simplification and standardization are helping to win the war for freedom. Mr. Coonley, long associated with the process that has wrought untold bounties to civilization, describes how it is now raising a labor army of 5,500,000, how critical raw materials are being conserved, productive capacity increased, transportation loads reduced, and inventories cut down.

The SIMPLER THINGS to Come

HOWARD COONLEY

Director, Conservation Division, War Production Board

*W*E are now in the process of raising a new labor army of roughly 5,500,000 men. Half a million of them are skilled workers, mechanics, toolmakers, welders, and other artisans whose skills are precious to war production. *As yet unheralded, this immense industrial army is being made possible under the dual banner of Simplification and Standardization, goals as desirable in peacetime as they are essential in wartime.*

Let me explain where this hitherto concealed labor army is coming from. In that explanation you will discover, I hope, the essential operation of two major economic ideas which have gripped me for years and which will today serve not only to bring our victorious fight against Axis oppressors to a speedier conclusion but will also help to secure the more livable post-war world

for which we of the United Nations are fighting.

I am dealing with a topic that must be spelled out to the finest detail in its operation; simplification and standardization in their practical application are concerned with tremendous trifles—exact measurements, painstaking descriptions, orderly procedures, all the tools in fact of the scientific method. But it is attention to these trifles that brings perfection in peace and victory in war. The anonymous poet who wrote about the horseshoe nail gave earnest centuries ago of the ideas which have blossomed in this most industrial century of all. You will remember:

*For want of a nail, the shoe was lost;
For want of the shoe, the horse was lost;
For want of the horse, the rider was lost;
For want of the rider, the battle was lost;
For want of the battle, the kingdom was lost—
And all for the want of a horseshoe nail.*

We in the War Production Board do not propose to overlook any horseshoe nails. In fact, by placing emphasis on a thoroughgoing and intelligent program of simplification and standardization, a charge upon us recently echoed by the Director of the Office of Economic Stabilization, Justice James F. Byrnes, we are, figuratively speaking, going out looking for horseshoe nails. And in searching out the opportunities for increasing productivity, symbolized by attention to horseshoe nails, we shall collaterally raise stockpiles of critical materials—steel, copper, aluminum, etc.,—and release an immense labor army, numbering perhaps 5,500,000 men, who are now giving their muscles and brains to the performance of tasks that can be safely eliminated in a war economy. Simplification and standardization stand for

[7]

war against waste motion, useless effort and unnecessary, repetitive decisions. Here are the facts:

As a result of some 85 or more "L" and "M" orders involving simplification issued by the War Production Board in 1942, 10 per cent of the manpower in the industries involved was released from unessential activity to war production. Similarly, 1 per cent of the skilled labor was freed for more essential tasks by inauguration of simplification programs.

Now, 85 completed WPB orders represent only a small fraction of the possibilities for simplification still remaining in America's war production machine. It would be within reason to expect ten times as many simplification orders and schedules to be issued in 1943, covering all major lines of industry and certainly the great mass of the laboring population. Since there will be approximately 53,000,000 people at work in the United States in 1943, we can roughly assume that 10 per cent of them, or 5,300,000 workers, including half a million skilled workers, will be released—or raised as a work army, if you will—for the most essential war production.

Huge Material Saving

The simplification program to be carried out in 1943 will also save thousands of carloads of valuable transportation space, millions of square feet of factory warehouse space, will add to our stock-piles of raw materials by reducing inventory requirements some 25 per cent and will augment the productive capacity of our machines by 10 to 20 per cent. In the matter of steel alone, a complete nationwide simplification program for 1943 will be the equivalent of building new furnaces to produce some 5,000,000 tons of steel.

These are not fantastic figures. The first 75 simplification orders in 1942 saved 600,000 tons of steel, 17,000 tons of copper, 227,000 tons of wood pulp, 35,000 pounds of solder, 180,000,000 yards of cotton, wool, and rayon cloth, and 450,000,000 board feet of lumber.

TEN IMPORTANT SIMPLIFICATION ORDERS OF 1942

BABY CARRIAGES (L-152, June 5). Reduces types from about 20 to 2 or 3; estimated savings of 11,000 tons of iron and steel. Releases light presses for war material production.

FARM MACHINERY AND EQUIPMENT (L-170, October 19). Restricts the production of all farm machinery, equipment, and repairs from November 1, 1942, to October 31, 1943, and stipulates that practically all production be done by small and medium manufacturers. The order defines three classes of producers on the basis of 1941 net sales of all products: Class A, sales valued over \$10,000,000; B, between \$750,000 and \$10,000,000, and C, under \$750,000. Production of new machines for domestic use is based on different percentages of weight for each item as outlined in Schedule A. These vary according to the class of producer. New machinery quotas are held to 20 per cent of 1940 production; repair parts are allowed 130 per cent of 1940 production. Estimated savings: about 500,000 tons of steel and other critical metals.

FEMININE APPAREL (L-85, April 8). Lists maximum measurements for length, sweep, and hem for all ranges of women's garments. Also expected to prevent radical changes in styles, thus avoiding obsolescence of existing garments. Estimated savings of 100,000,000 yards of wool, rayon, cotton, and linen cloth. Expect 15 to 20 per cent more garments from same amount of material.

KITCHEN AND HOUSEHOLD ARTICLES (L-30, March 31). Curtails the use of iron, steel, and zinc in the manufacture of a long list of household articles during April, May, and June, 1942. Dividing the articles into three groups the order reduces the use of iron and steel in cooking utensils 10 per cent; in kitchen ware 30 per cent, and zinc, 50 per cent, and in non-essential household articles the reduction of iron, steel, and zinc is 50 per cent. The reductions are based on the total amounts used in such articles for the twelve months ended June 30, 1941. Subsequently amended for time extensions, inclusions, and differing reductions. L-30-a reduces sizes and kinds of galvanized ware from 150 to 6 articles by January 1, making 44,000 tons of steel and over 10,000 tons of zinc available for war production. L-30-b restricts enamel ware and L-30-c affecting cast iron ware is expected to save 6,170 tons of pig and scrap iron annually. L-30-d of November 17 practically eliminates all metal utensils and other equipment not already curtailed by a, b, and c.

HAND TOOLS SIMPLIFICATION (L-157, July 20). Several amendments and schedules. Schedule II limits production of axes to 147 of the 382 varieties formerly produced; limits hatchets to 38 varieties from the 62; broad axes to 5 varieties, adzes to 9. Hammers have been reduced from 180 varieties to 113. Schedule III limits production and distribution of manually-operated wood and special purpose saws to the types, grades, sizes, and number of models listed. Permits manufacture of only 210 of about 800 varieties, eliminating 74 per cent of the three grades of saw. Estimated savings about 10 per cent of the steel required by this industry, or about 1,100 tons. Schedule IV limits sizes, types, grades, weights, and finishes for the manufacture of heavy forged hand tools.

INCANDESCENT, FLUORESCENT, AND OTHER ELECTRIC DISCHARGE LAMPS (L-28-a, September 17). Reduces types from 3,500 to 1,700, colors from 13 to 3, voltages from 32 to 7, and optional bases from 7 to 1. Practically eliminates 50 and 75-watt lamps because 40 and 60-watt lamps can be substituted. Releases productive capacity for the manufacture of critical radio tubes. Estimated annual savings of 650 tons of steel, 35,000 pounds of solder, and 8,000 pounds of tungsten; releases 1,300,000 man hours of direct labor.

MACHINE TOOL ELECTRICAL SPECIFICATIONS (L-147, July 10). Limits production of electrical controls, motors, wiring, or other electrical devices or features used in the electrification of machine tools to those which meet the requirements of American Standards Association's Machine Tool Electrical Standards. Estimated increase in production of 10 to 15 per cent is expected through application of the order.

NATIONAL EMERGENCY SPECIFICATIONS FOR STEEL PRODUCTS (L-211, October 23). Provides authority to issue schedules establishing standards of sizes, shapes, specifications, or other qualifications of steel products. Schedule I restricts production of concrete reinforcement bars to the sizes and shapes set forth in Simplified Practice Recommendations R26-42 and R53-32 respectively as issued by the National Bureau of Standards. Schedule II restricts production of steel wheels to the sizes and shapes set forth in the Association of American Railroads Tables 1 and 2. Schedule III restricts production of barbed wire to two-point barbed wire of 14-gage strands and 16-gage barbs, the spacing of the barbs to be not less than 4 inches, to be supplied on 80-rod spools. Styles, specifications, and size of rolls for wire fence, poultry netting, and poultry flooring are given. Copper is not to be used, and zinc coating is not to be applied except in accordance with Federal Specification QQ-W-461, Table IV, Weight A, June 16, 1941.

PAPER (L-120, July 4). This prescribes simplified and standardized practices and specifications for paper production. In general reduces the number of grades from 82 to 52, and reduces items by about 80 per cent. Estimated savings are about 227,000 tons of pulp fiber on the basis of 1941 production. Grades and weights seldom in demand are eliminated except in long runs.

PLUMBING AND HEATING (L-42). Several schedules. Schedule II eliminates 65 per cent of all types and sizes of pipe fittings. Schedule III, affecting low pressure heating boilers, eliminates metal jackets, fusible plugs, and compression cocks. Schedule IV lists weights and sizes of soil pipe and fittings and discontinues brass pipe plugs and brass trap screws on cleanouts, ferrules, traps, test tees, and other soil pipe fittings. Schedule V prohibits use of copper, copper base alloy, or die-cast zinc except in specified types of fittings and trim, and in specified sizes. Schedule VI specifies types, height, and weight of cast-iron tubular radiators. Schedule VII eliminates use of copper or copper base alloy in hot water heaters and piping systems.

BASIC FORMS OF STANDARDIZATION AND SIMPLIFICATION

1. Standard nomenclature, covering definitions of terms used in specifications, abbreviations, symbols for quantities used in equations and formulae, and graphical symbols.
2. Uniformity in dimensions to provide for interchangeability of parts and supplies or the interworking of apparatus.
3. Rules for the operation of apparatus or machinery.
4. Quality specifications for materials and equipment.
5. Ratings of machinery and apparatus which establish test limits under specified conditions as to performance under operation.
6. Methods of test or inspection.
7. Concentration upon the optimum number of types, sizes, and grades of manufactured products.
8. Provisions for safety.

How were these savings achieved? By attention to details, by cutting out unnecessary sizes, types, and models of a wide variety of industrial and consumer products. For example, by reducing the types of men's working clothes—overalls and coveralls—to six, by eliminating unnecessary pockets and reinforcements, enough cloth was saved to make 7,000,000 additional garments. By eliminating "bobby pins," 4,000 tons of steel were saved. By re-

ducing types of bicycles manufactured from twenty to two per manufacturer, large quantities of steel, rubber, copper, chromium, tin, and cadmium were conserved for more important war uses. By reducing types of electric power trucks from 221 to 50, and listing standard models which manufacturers were permitted to produce, a 25 per cent increase in the productive capacity of the industry was obtained.

The same kinds of results were ob-

tained with other items, from baby carriages to X-ray equipment. Wherever simplification and standardization schedules were put into effect, the wheels of war production spun faster. And by intensifying our efforts today we can make the machines hum even faster in the future. In the broad sense fewer types and models of skillets and griddles in American kitchens today mean more tanks in Africa and more airplanes and airplane carriers in the Pacific battle theater tomorrow.

All our simplification and standardization programs were not accomplished over night. What the War Production Board has accomplished, and what it can achieve in the coming year, rests upon strong foundations of organization and achievement developed over many decades.

Simplification is an indigenous American product. It was a child of World War I, sired by the War Industries Board of 1917-1918, under Bernard Baruch. The "father of simplification" is Arch W. Shaw, a Chicago publisher, who headed the Conservation Division of the 1917-1918 Board. He often tells the story of the spool of thread to illus-

The standard gage in railroading was an obvious necessity. And now an "important step is simplifying and standardizing the components of gasoline engines, key pieces of military equipment. There are over 1,000,000 small gasoline engines on order by various Government agencies. Over 150 manufacturers are producing as many as 25 types of 40 basic engine models. Without standardization the chances for hopeless confusion and delay in repair are considerable. Standardization and simplification will avert this danger to war-front, battle-time efficiency."

CUSHING





SPUN GLASS—HOBART PHOTO

"Standardization also plays a part on the home front. To assure quality standards for fair-pricing purposes, the Office of Price Administration has established a Standards Division which will relate quality to price, thus protecting the interests of civilians on the home front. The Office of Civilian Supply of the War Production Board also maintains a standards division, with a responsibility to the consumer."

trate the possibilities inherent in sensible simplification. His Division recommended that the wooden core of thread spools be cut just a little deeper so that each spool would carry 200 yards of thread instead of 150 yards. The result of this minor and unobjectionable change was to save 600 freight cars of shipping space for more essential war uses.

World War I simplification programs began with woolen fabrics. Because ships bringing wool from Australia were being sunk faster than they could be built, an acute shortage of wool to make army uniforms confronted the country.

Representatives of the woolen industry were invited to Washington for a conference. Given the facts about the shortage, they came back in three days with proposals for changes in trade practices that added immensely to the productive capacity of their industry.

For example, they gave up weaving woolens in narrow widths, a copy-cat practice based on English and Scottish trade customs, and they reduced the size and number of swatches of cloth sent to their customers. By the time World War I was over this reduction in sample swatches alone had saved enough cloth to uniform two whole regiments. All together 1,241 examples of such savings were reported to the Conservation Division of the War Industries Board.

Simplification did not die with the end of the war. Herbert Hoover was long its prominent advocate. One gray Autumn day, November 15, 1921, in Washington, D. C., Mr. Hoover, then Secretary of Commerce, presided at a remarkable conference of paving brick manufacturers, met to eliminate 63 per cent of the unprofitable and useless styles of paving brick then manufactured.

Mr. Hoover, opening the conference, declared: "The proposal that you are now considering is no new idea in American industry, but it comes up in its best form on this occasion because it is inspired by the manufacturers themselves. To make our program effective, we must have the co-operation of outside groups." The paving brick conference ended up with a complete agreement that 20 varieties of brick would serve all the purposes of the 66 varieties then in manufacture. Since then it has been determined that four sizes of brick are enough.

Out of this conference came the swift development of the Division of Simplified Practice of the National Bureau of Standards. Through the painstaking work of this organization in developing simplified practice recommendations by the democratic method of consensus, the techniques of simplifications were effectively worked out.

Peacetime Lessons

What was learned in peacetime has become the fundamental of our wartime procedure. On June 4, 1942, there were approximately 150 simplified practice recommendations in effect, covering both industrial products and consumers' goods. These recommendations had, for example, reduced the number of ice cream cartons and molds by 97 per cent, the number of varieties of blankets by 86 per cent, the varieties of pipe fittings by 65 per cent. In this case the actual reduction in numbers of gray cast iron, malleable iron, and brass and bronze fittings was from 8,566 to 2,969 types and sizes.

You can readily appreciate the amount of detailed study that was necessary to accomplish such a simplification schedule. To do it at all it was first necessary to standardize sizes and models, a program which was accomplished through the Manufacturers' Standardization Society of the Valve and Fittings Industry. A company-wide standardization program had been adopted even earlier by the Wal-

(Continued on page 30)

Effects of the 1942

FEDERAL TAX LAW ON CORPORATIONS

J. K. LASSER, C.P.A.

ALL Spring and Summer, and then through most of the Fall, the seventy-seventh Congress labored mightily to produce a new tax law that would raise an enormous sum of revenue, drain off excess purchasing power and at the same time remedy the many inequities that formerly tainted the statute. What emerged from the vast deliberations on October 21 after seven and a half months of hearings, debates, statistics, testimony, draftings, and re-draftings was a law covering nearly 600 pages.

The magnitude of the effort that went into the new statute is indicated by the size of the hearings reports—3,596 pages of testimony in the House Ways and Means Committee and 2,362 pages in the Senate Finance Committee. Every angle was extensively investigated in a sincere effort to eliminate injustices and hardship and to avoid unduly interfering with or restricting American business economy. The new high rates made that imperative; and it is encouraging to be able to report that the task was well done.

Under the new law, the total tax bill of the American people (including corporations) will aggregate something over 36 billion dollars, of which some 26 billion will be collected by the Federal Government, and about 10 billion by States and localities. The portion of our national income in 1942 (estimated at about 110 billions) that will be taken



LAMBERT FROM FRIDERIC LEWIS

"Perhaps the biggest result of the law is that all our tax thinking is now given far broader scope than ever before. High rates make it imperative that transactions contemplated be scrutinized minutely and from all aspects to determine their tax effects. We no longer simply prepare returns for the current year."

in taxes is therefore, roughly, one-third.

To get a more concrete picture of what these figures mean, it is instructive to compare them with the tax data for the World War I period which is the closest parallel in our history. Then, our national income reached a peak of about 56 billions—roughly half of what it was in 1942. The highest amount of tax collected in any war year was a little less than 5½ billions—roughly one-tenth of the national income. Our taxes today are therefore not only far higher in dollars and cents than ever

before in our history, but represent a far larger share of the national income.

Let us look also for a moment at the tax bill of the British and Canadian people. For the fiscal year ending March 31, 1943, Great Britain's taxes are expected to yield close to 10 billions; the Canadian tax bill in the fiscal year 1942-1943 will be about 1½ billions. Compared with the 26 billion intake of our Federal Government, these look rather small. The gap is still larger when we consider that in Great Britain there are no local taxes corresponding

COMPARISON OF 1941 AND 1942 CORPORATE TAXES

These tax figures represent the combined normal, surtax, and excess profits tax. They do not take into account any excess-profits credit carry-over. To determine the total tax payable under either method of computing the excess profits tax—select the table applicable to the method being used; find the column which corresponds to 1941 earnings; and find the figure in the left-hand column corresponding to the average earnings credit or the invested capital (depending on the table in use). The figure appearing at the intersection of the proper column and line is the total tax payable.

Income Credit*	WHEN EXCESS PROFIT NET INCOME BEFORE FEDERAL TAXES IS										THE TOTAL FEDERAL TAXES ON INCOME, IF EXCESS PROFITS TAX IS BASED ON AVERAGE EARNING CREDIT, WILL BE:									
	\$25,000		\$50,000		\$100,000		\$300,000		\$500,000		\$750,000		\$1,000,000		\$2,000,000		\$3,500,000		\$5,000,000	
	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942
\$5,000,000	1,635	1,635	3,270	3,270	4,905	4,905	14,715	14,715	24,525	24,525	38,790	38,790	49,005	49,005	147,015	147,015	245,025	245,025	387,535	387,535
4,000,000	1,308	1,308	2,616	2,616	3,864	3,864	11,532	11,532	19,170	19,170	29,055	29,055	37,340	37,340	111,020	111,020	191,270	191,270	296,300	296,300
3,000,000	1,042	1,042	2,084	2,084	3,120	3,120	9,216	9,216	15,336	15,336	23,240	23,240	29,872	29,872	88,416	88,416	153,816	153,816	230,640	230,640
2,000,000	833	833	1,666	1,666	2,496	2,496	7,392	7,392	12,264	12,264	18,168	18,168	23,896	23,896	70,752	70,752	126,864	126,864	191,712	191,712
1,500,000	625	625	1,250	1,250	1,872	1,872	5,544	5,544	9,192	9,192	13,704	13,704	17,920	17,920	53,064	53,064	95,232	95,232	142,560	142,560
1,000,000	417	417	833	833	1,248	1,248	3,696	3,696	6,128	6,128	9,136	9,136	12,608	12,608	37,376	37,376	66,152	66,152	101,424	101,424
750,000	313	313	625	625	936	936	2,772	2,772	4,596	4,596	6,864	6,864	9,136	9,136	27,264	27,264	48,112	48,112	74,288	74,288
500,000	208	208	417	417	625	625	1,848	1,848	3,080	3,080	4,596	4,596	6,128	6,128	18,176	18,176	33,072	33,072	50,848	50,848
250,000	104	104	208	208	313	313	924	924	1,540	1,540	2,298	2,298	3,064	3,064	9,088	9,088	16,536	16,536	25,424	25,424
100,000	42	42	83	83	125	125	370	370	606	606	912	912	1,264	1,264	3,824	3,824	7,056	7,056	10,576	10,576
50,000	21	21	42	42	62	62	185	185	303	303	456	456	632	632	1,912	1,912	3,528	3,528	5,288	5,288
25,000	11	11	21	21	31	31	92	92	151	151	228	228	316	316	956	956	1,764	1,764	2,644	2,644
10,000	4	4	9	9	12	12	37	37	61	61	91	91	126	126	382	382	706	706	1,058	1,058
5,000	2	2	4	4	6	6	19	19	30	30	46	46	63	63	191	191	353	353	529	529
Income Credit*	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942
\$5,000,000	1,635	1,635	3,270	3,270	4,905	4,905	14,715	14,715	24,525	24,525	38,790	38,790	49,005	49,005	147,015	147,015	245,025	245,025	387,535	387,535
4,000,000	1,308	1,308	2,616	2,616	3,864	3,864	11,532	11,532	19,170	19,170	29,055	29,055	37,340	37,340	111,020	111,020	191,270	191,270	296,300	296,300
3,000,000	1,042	1,042	2,084	2,084	3,120	3,120	9,216	9,216	15,336	15,336	23,240	23,240	29,872	29,872	88,416	88,416	153,816	153,816	230,640	230,640
2,000,000	833	833	1,666	1,666	2,496	2,496	7,392	7,392	12,264	12,264	18,168	18,168	23,896	23,896	70,752	70,752	126,864	126,864	191,712	191,712
1,500,000	625	625	1,250	1,250	1,872	1,872	5,544	5,544	9,192	9,192	13,704	13,704	17,920	17,920	53,064	53,064	95,232	95,232	142,560	142,560
1,000,000	417	417	833	833	1,248	1,248	3,696	3,696	6,128	6,128	9,136	9,136	12,608	12,608	37,376	37,376	66,152	66,152	101,424	101,424
750,000	313	313	625	625	936	936	2,772	2,772	4,596	4,596	6,864	6,864	9,136	9,136	27,264	27,264	48,112	48,112	74,288	74,288
500,000	208	208	417	417	625	625	1,848	1,848	3,080	3,080	4,596	4,596	6,128	6,128	18,176	18,176	33,072	33,072	50,848	50,848
250,000	104	104	208	208	313	313	924	924	1,540	1,540	2,298	2,298	3,064	3,064	9,088	9,088	16,536	16,536	25,424	25,424
100,000	42	42	83	83	125	125	370	370	606	606	912	912	1,264	1,264	3,824	3,824	7,056	7,056	10,576	10,576
50,000	21	21	42	42	62	62	185	185	303	303	456	456	632	632	1,912	1,912	3,528	3,528	5,288	5,288
25,000	11	11	21	21	31	31	92	92	151	151	228	228	316	316	956	956	1,764	1,764	2,644	2,644
10,000	4	4	9	9	12	12	37	37	61	61	91	91	126	126	382	382	706	706	1,058	1,058
5,000	2	2	4	4	6	6	19	19	30	30	46	46	63	63	191	191	353	353	529	529
Invested Capital	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942
\$5,000,000	1,635	1,635	3,270	3,270	4,905	4,905	14,715	14,715	24,525	24,525	38,790	38,790	49,005	49,005	147,015	147,015	245,025	245,025	387,535	387,535
4,000,000	1,308	1,308	2,616	2,616	3,864	3,864	11,532	11,532	19,170	19,170	29,055	29,055	37,340	37,340	111,020	111,020	191,270	191,270	296,300	296,300
3,000,000	1,042	1,042	2,084	2,084	3,120	3,120	9,216	9,216	15,336	15,336	23,240	23,240	29,872	29,872	88,416	88,416	153,816	153,816	230,640	230,640
2,000,000	833	833	1,666	1,666	2,496	2,496	7,392	7,392	12,264	12,264	18,168	18,168	23,896	23,896	70,752	70,752	126,864	126,864	191,712	191,712
1,500,000	625	625	1,250	1,250	1,872	1,872	5,544	5,544	9,192	9,192	13,704	13,704	17,920	17,920	53,064	53,064	95,232	95,232	142,560	142,560
1,000,000	417	417	833	833	1,248	1,248	3,696	3,696	6,128	6,128	9,136	9,136	12,608	12,608	37,376	37,376	66,152	66,152	101,424	101,424
750,000	313	313	625	625	936	936	2,772	2,772	4,596	4,596	6,864	6,864	9,136	9,136	27,264	27,264	48,112	48,112	74,288	74,288
500,000	208	208	417	417	625	625	1,848	1,848	3,080	3,080	4,596	4,596	6,128	6,128	18,176	18,176	33,072	33,072	50,848	50,848
250,000	104	104	208	208	313	313	924	924	1,540	1,540	2,298	2,298	3,064	3,064	9,088	9,088	16,536	16,536	25,424	25,424
100,000	42	42	83	83	125	125	370	370	606	606	912	912	1,264	1,264	3,824	3,824	7,056	7,056	10,576	10,576
50,000	21	21	42	42	62	62	185	185	303	303	456	456	632	632	1,912	1,912	3,528	3,528	5,288	5,288
25,000	11	11	21	21	31	31	92	92	151	151	228	228	316	316	956	956	1,764	1,764	2,644	2,644
10,000	4	4	9	9	12	12	37	37	61	61	91	91	126	126	382	382	706	706	1,058	1,058
5,000	2	2	4	4	6	6	19	19	30	30	46	46	63	63	191	191	353	353	529	529

* This figure represents the average earnings for 1936 through 1939. The excess profits credit is 95 per cent of this amount, plus \$5,000.
† This figure represents the amount of invested capital. The excess profits credit is 8 per cent of this amount (up to \$5,000,000), plus \$5,000.
"Total Federal Taxes" means the total of normal, surtax, and excess profits taxes.

to our State and local income taxes; and in Canada the Provinces have given up their own income taxes for the duration.

Of course, the national incomes of Britain and Canada are far smaller than ours (somewhere in the vicinity of 25 billion and 5 billion, respectively) so that the portion of national income taken in taxes is about the same or higher than in the United States. With regard to relative amounts contributed by corporations and by individuals in both Canada and the United States, corporations pay in income taxes a sum equal to the amount paid by individuals. In Britain, however, the burden on individuals is just about twice as heavy as that on corporate taxpayers.

Even a cursory skimming through of the new law will indicate the lavish manner in which the Congress poured out significant innovations concerning our ordinary practice and procedures in preparing returns. There was no

new type of tax imposed on corporations. The law confined itself to a revision of the existing well-defined system of income and excess profits. Yet the changes were of such broad scope, ferreting out so many of the inequities hidden in the corners of the statute, and granting such clean-cut, hard-hitting relief from distorted decisions upon prior law, that the Act has earned the approval and commendation of the large majority of tax practitioners who have given it many weary nights of study.

What about the new rates—90 per cent on excess profits and 40 per cent for normal and surtax, with an overall 80 per cent limitation? Certainly, these are high. Corporations this year will pour enormous sums into the Treasury's bottomless well. But the rate schedule is generally recognized as an expected inevitable concomitant of war. A fighting nation today must be prepared to strip itself of all its worldly

goods if it means to win the most expensive war in history.

Those of us who constantly think taxes in our daily lives are not so much concerned with rates as with the internal structure of the law—the technical ramifications of income, deductions, procedures, and economies. The undeniable fact that Congress intended much of the new law to provide relief and eliminate hardships gives corporate officials an intricate new world to study. It has become our unavoidable responsibility to make certain, by unremitting labor and endless calculations, that timely and proper refund claims are filed in accordance with the many retroactive provisions, that carry-overs are adjusted and carry-backs are investigated, and that the vitally important reliefs granted are fully availed of for current and future years.

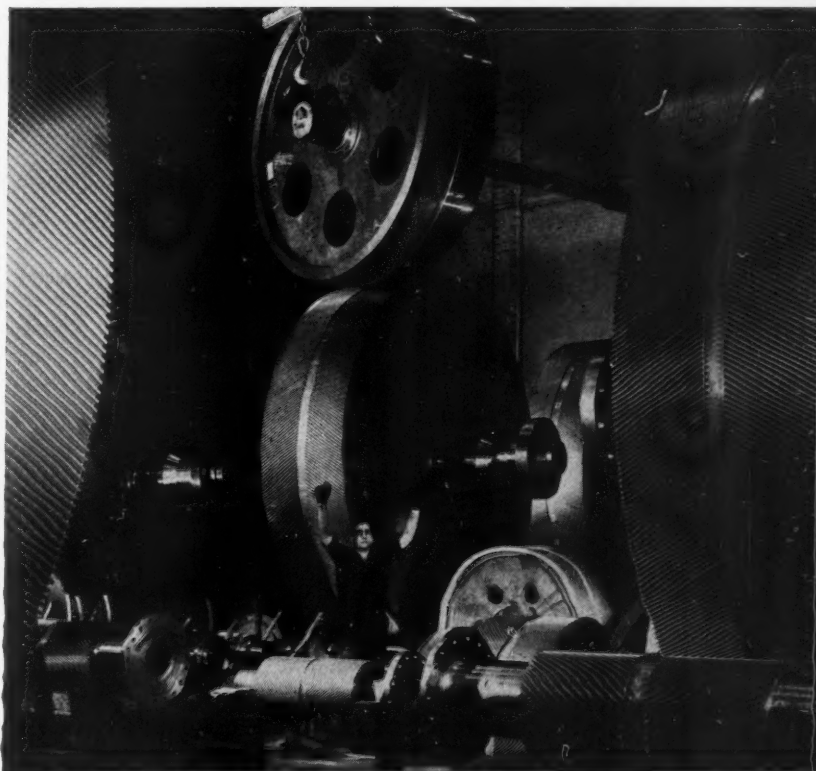
Perhaps the biggest result of the law is that all our tax thinking is now given far broader scope than ever be-

FEDERAL CORPORATION TAXES OF 1942

A Comparison with the Former Law

	OLD LAW Per Cent	NEW LAW Per Cent
Normal Tax:		
Corporations with normal tax net incomes of not more than \$25,000:		
First \$5,000	15	Same
\$5,000 to \$20,000	17	Same
\$20,000 to \$25,000	19	Same
Corporations with normal tax incomes of over \$25,000	24	Same
Surtax:		
Corporations with surtax net incomes of not more than \$25,000: First \$25,000	6	10
Corporations with surtax net incomes over \$25,000	7	16
Excess-Profits Tax:		
First \$20,000	35	90
\$20,000 to \$50,000	40	90
\$50,000 to \$100,000	45	90
\$100,000 to \$250,000	50	90
\$250,000 to \$500,000	55	90
Over \$500,000	60	90
Excess-Profits Credit:		
Invested-capital method:		
First \$5,000,000 of invested capital	8	8
\$5,000,000 to \$10,000,000	7	7
\$10,000,000 to \$200,000,000	7	6
Over \$200,000,000	7	5
Income method: Portion of average earnings		
in base period	95	95
Special exemption	\$5,000	\$5,000
Maximum Effective Rate of Corporate Normal Tax, Surtax, and Excess-Profits Tax		
Pre-war credit	None	80
Post-war credit	None	10
Debt relief	None	*

* 40 per cent of amounts paid in debt retirement during taxable year but not in excess of post-war credit.



GATES FROM FREDERIC LEWIS

"Congress can in all sincerity provide the means whereby a corporation can avoid undue hardships and difficulties; but Congress will not see to it that you take advantage of them. The law assumes that each of us will be on our toes to recognize the numerous opportunities that it affords."

fore. High rates make it imperative that transactions contemplated be scrutinized minutely and from all aspects to determine their tax effects. We no longer simply prepare returns for the current year. Our vision must extend both backwards to prior years for carry-overs, carrybacks, and refunds, and to future years for carry-forwards and future credits.

To give some indication of the immensity of the technical changes and the task to be done, I have prepared the table describing the new law given here on page 15. All the major alterations in the tax structure that affect corporations are there given in brief, together with their status concerning retroactivity, effect on prior year's carry-overs and possible claims for refunds. To examine each of these in detail would require a good-sized book and is beyond the scope of this article. But it may serve as a double-check list by means of which every corporation can examine the possibilities. Overlooking something can be enormously expensive.

Brain-cracking Study

What then is to be done? Corporate taxes certainly can no longer be handled by reference to the return and the instruction sheet alone. The job has graduated far beyond the realm of the amateur. The first requisite is study—constant, hard, brain-cracking study of the law. We must have the tax world, so to speak, at our fingertips as we put pencil-point to worksheet and tax return.

Indeed long before we take up our pencil there must be a great deal of investigation also into the peculiar circumstances of the company to see how it fits into the law—especially with an eye to the various relief measures provided by the statute. Congress can in all sincerity provide the legal means whereby a corporation can avoid undue hardships and difficulties; but Congress will not see to it that you take advantage of them. The law assumes that each of us will be on our toes to recognize the opportunities it affords and

that we will follow them through properly.

The possibilities open are especially abundant and generous in connection with the excess profits tax. To take but one example, a widely applicable special relief section known among tax practitioners simply as "722" is summarized in a box on page 16. The language of these provisions indicates the broad, yet detailed research required by just this one small part of the law. Not only the corporate history, but also the economists of the industry, the pertinent profits cycles, a multitude of statistics, graphs, and charts and detailed analysis of products and procedures must be brought into play in preparing these burdensome claims. But they are enormously worth while in a great many cases.

What are some of the other opportunities corporations may elect? On general matters, we ought to be aware of the many basic elections in the excess profits tax statute. These include such items as: the right to the credit producing the lower tax; the election to take the post-war credit currently through debt retirement; the right in some cases to claim personal service and become exempt from the tax; consolidation with affiliated companies when you meet the tests of the statute; and the right to use one or more of the relief sections allowing a constructive base period

NET COST OF BORROWING MONEY

For Corporations with Invested Capital under \$5,000,000

If Rates of Interest Paid on Borrowed Capital Are:		If Company Pays Excess Profits Tax and Uses:		If Total Taxes Are Limited to 80%:	If Corporation Is Subject to Normal and Surtax only
		"Invested Capital Credit"†	"Income Credit"‡		
		Per Cent	Per Cent	Per Cent	Per Cent
1	per cent	1.65*	.1	.2	.6
2	" "	1.3*	.2	.4	1.2
2½	" "	1.125*	.25	.5	1.5
3	" "	.950*	.3	.6	1.8
3½	" "	.775*	.35	.7	2.1
4	" "	.6*	.4	.8	2.4
5	" "	.25*	.5	1.0	3.0
6	" "	.1	.6	1.2	3.6

All of these examples assume that a company is subject to the 40 per cent normal and surtax. * Denotes net tax saved is in excess of the interest cost. † Giving full effect to tax savings secured by the borrowed capital and the allowable deduction for interest. ‡ Corporation's total income, surtax, and excess profits tax.

POWER HOUSE ON THE HARLEM, NEW YORK CITY—CUSHING PHOTO



"Even a cursory skimming through of the new law will indicate the lavish manner in which the Congress poured out significant innovations concerning our ordinary practice and procedures in preparing returns."

SWEEPING CHANGES IN 1942 INCOME AND EXCESS PROFITS TAX LAWS

The specific section numbers of the tax laws referred to are shown in parentheses at end of each item.

INCOME FOR NORMAL TAX AND SURTAX

Capital gains and losses provisions—Losses are no longer allowed, but you are given a carryover of non-deductible items for five years; long term profits on sales and conversion of depreciable property and land are treated as capital gains; holding period for long term transactions reduced to six months; land is not a capital asset; tax on long term gains cannot exceed 25% (117).

Worthless securities of 95% owned subsidiaries fully deductible (23g).

Proceeds from life insurance originally acquired in tax free transfer are exempt (22b).

Bond premiums amortization is sometimes elective and often mandatory (23).

Lessee's improvements are not taxed when landlord takes property at end of lease (22b).

Taxes and carrying charges on any kind of property (no longer only unimproved property) can be capitalized or deducted, at your option (24a).

Contributions to Government bodies and those used outside the United States now included in the 5% allowance (23a).

War losses (see law for definition) are ordinary deductions—not capital losses—and new provisions for taxing recoveries (127).

Recoveries of bad debts and taxes written off are not income if they did not reduce taxes in prior years (22b).

You can use the "last-in-first-out" method of inventorying even if you gave out some statements at variance. See also new relief when there is involuntary liquidation of these inventories (22d).

Bad debts are a deduction in year of worthlessness instead of year ascertained to be worthless and charged off (23k).

Amortization is permitted in case of war facilities acquired after December 31, 1939 rather than after June 10, 1940 and other technical changes (124).

Creation of exact rules governing deduction of all amounts paid into profit sharing and pension trusts (23p, 165).

Carryback of net operating loss in 1942 reduces tax of 1941. Thereafter carryback for two years (122b).

New optional process to annualize short years for income tax by use of actual income for 12 months starting with short period (47).

Revision of method of computing net loss carryover (26c).

INCOME FOR EXCESS PROFITS TAX ONLY

Exclusion from income of net gains on involuntary conversion and sales of depreciable assets held over 18 months (711).

Inclusion in income of all dividends from stocks that are not capital assets for companies using the invested capital method (711a).

Amortization of bond premiums may reduce tax exempt interest added back to income under invested capital method in connection with inadmissibles computation (720).

New method of computing income for installment dealers. Those with long-term contracts (736).

Revision of rules to compute net loss carryover (711a).

Exclusion of Bonus Income of mines and timber companies (711a).

Exclusion for excess output of mines and timber companies (711a).

Previous years affected by changes in the 1942 laws are shown in bold type at extreme right of columns.

INVESTED CAPITAL CREDIT

Elimination of old highest bracket rule in computing excess profits taxes (752).

New rules in computing invested capital following the: Disposition of property paid in for stock (use basis applicable to year of disposition) (718a).

Acquisition of property in reorganization for stock and corporate debt. (The bonds are now borrowed capital but they reduce the basis of stock issued for property) (760).

Acquisition of property in corporate liquidations (old consolidated return regulations are followed to compute equity capital) (761).

Some acquisitions of companies permit increase of stock issued for property by deficit of transferor (718a).

Reduction of percentage allowances on invested capital over ten million (714).

BASE PERIOD CREDIT

Deficit year occurs only if dividend credit, plus tax-free interest, plus deductions, exceed income (713c).

Use of 75% average of other three years to get one year in base period (713c).

Liberalization of the use of component's income in the base period particularly use of growth formula including component; elimination of need to elect when filing return, right to construct missing periods, etc. (740, 742).

New capital reduction when there is increase in holdings in controlled companies (713g).

New method to reconstruct base period income under the revised relief sections (722).

Use of new method of computing current income for contractors gives us right to increase base period income (716).

GENERAL EXCESS PROFITS MATTERS

New rules liberalizing difficulties with inconsistencies (734).

Elimination of disclaimer—you can now get the greater credit for excess profits tax (712).

New optional process to annualize short years—use income for year beginning with the first day of the short period, etc. (711a).

COMPUTATION OF TAX

Rate changes bring normal and surtaxes ranging from 25 to 40% (15).

New method of computing normal tax and surtax—first deduct (usually) amount of income which is subject to excess profits tax (15).

Profits tax is fixed at 90% but there is an overall limitation of 80% of surtax net income for the three taxes (710a).

Post-war refund of 10% of profits tax (780).

Debt retirement—40% of debts retired after September 1, 1942 may make all or part of post-war refund available now (783).

Special rules for computing tax of some mining companies (731).

Fiscal years ended after June 30, 1942 pay a tax at new rates for period after June 30 (108, 710).

Consolidated returns are permitted for income and excess profits taxes (141).

REDUCING PROFITS TAXES BY CONSTRUCTING A NEW CREDIT

From the very inception of the excess profits legislation in 1940, Congress recognized that no one uniform set of rules setting up "normal earnings" would fit all circumstances. Attempts were made then to write "relief" provisions covering exceptional situations; but at that time and even in the 1941 laws, they were quite unsatisfactory. The broadest of these, giving an opportunity to claim a reduction of taxed income by what are proven as "normal earnings," has been greatly expanded in the new law.

The new section, retroactive to 1940 and 1941, is of incalculable value to a great many companies. If you can establish that your excess profits tax computed in the regular way is discriminatory, and further show what a fair standard of normal earnings would be, the tax will then be determined by using the latter in lieu of the actual base period income you had from 1936 to 1939.

IF YOU CAN USE THE AVERAGE EARNINGS CREDIT

When will the tax (as computed in the regular way) be considered "excessive" for a company entitled to use the average base period net income method? The statutory answer is—if the base period net income is an inadequate standard of normal earnings for any of the five reasons given below:

1. In one or more of the base years normal production or operation was interrupted by events immediately prior to or during the base period, such occurrence being unusual in the case of the company.

Example—In December 1935, a fire or strike occurred and production was not resumed until June 1936. You are permitted to restore the lost production and re-figure what your profits would have been under conditions as they existed in 1936.

2. Temporary economic circumstances unusual for your company or its industry depressed the base period earnings.

Example—The business of your company may have been based upon selling to one customer enabling you to operate economically and efficiently until one fine day in 1937 he informs you the honeymoon is over. You now have to step up your sales efforts, make more varieties and smaller and erratic deliveries and even reduce production until you replace him with open market customers. Or you have been engaged in a price war which meant that you and almost everyone else had very low profits or losses. You are entitled to a constructive income for the period.

3. Your industry experienced in the base period a profit cycle different from that of general business or is one subject to sporadic and intermittent periods of high production and profits and such periods are inadequately represented in the base period.

Example—You are in the machine tool business or the construction industry and find that the base period years are not a period of moderate prosperity as the 1936-1939 period is presumed to be for general business.

You are in a business often described as "prince or pauper" and the good years did not happen to come in the base period so that your average is an inadequate standard. You are entitled to relief.

4. The character of your business changed or you began business just prior to or during the base period and so your average base period income does not reflect normal operation for the whole period.

Examples—Change of character of the business includes:

- A. Changes in operation or management. You got new management in 1937 which changed policies and operation but results did not show in profits until 1939.

- B. A difference in products or services furnished. You decided in 1938 to give up a retail division and continue only the wholesale or changed from one to another product.

- C. A change in your capacity for production or operation. You built a new plant in 1939 or added production machinery.

- D. A difference in the ratio of non-borrowed capital to total capital. You paid off a mortgage or other indebtedness in 1939. Obviously, the base period years would have had interest deducted while subsequent years would not.

- E. The acquisition before January 1, 1940, of all or part of the assets of a competitor with the result that competition is diminished or eliminated.

In all these cases you are entitled to constructive income to reflect the events, generally speaking, in the light of conditions existing in each year and as if the change had taken place two years earlier.

5. Any other factor affected your business so that it may reasonably be considered to give you an inadequate standard of normal earnings and be within the principles described in the foregoing.

Example—You may have started in business in 1936 and be confronted with the necessity of manufacturing a stock which requires years for seasoning before it is merchantable and hence have no income until you have built up your base working stock.

IF YOU MUST OTHERWISE USE THE INVESTED CAPITAL CREDIT

Under the old law a company not entitled to use the excess profits credit based on income was not entitled to relief. This placed some companies in a disadvantageous competitive position.

The privilege of using a constructive base period income is now extended to such companies if the credit based on invested capital furnishes an inadequate standard for one or more of the following reasons:

1. *Earning assets are not included in invested capital.* Your business has intangible assets, not includible in invested capital, which make important contributions to income.

2. *Capital is not an important income-producing factor.* Your business has a low capital (not requiring much as fashion consultants), but it cannot qualify as a personal service corporation because it employs a large technical and professional staff. It would be eligible for relief.

3. *There is abnormally low capital because of other peculiar circumstances.* You commence business with a leased plant valued at \$1,000,000, but with invested capital paid in of only \$40,000.

income, an allocation to other years of abnormal income in the current year and the determination of invested capital on a "simple" basis.

Among the possibilities for those using the income credit are those involving: the option to fill in "missing" periods; the right to adopt the 75 per cent rule in the base period; the inclusion of acquired companies' base period experience together with your own if

the statutory requirements are met; the permission given to companies with long-term contracts to redetermine base period income; the use of the section allowing you to eliminate abnormal deductions in the base years. These are not all. Companies have various choices with regard to invested capital and the computation of current income, all of which necessitate careful attention to statutory details to determine election.

Particularly when we are dealing with invested capital do numerous calculations and investigations covering the entire corporate history become essential. All entries on the corporate books, beginning with the inception of the company, which affect the capital accounts—surplus and capital stock—must be scrutinized to determine paid-in capital and accumulated earnings and profits. This includes analysis of dividends and other distributions and reserves of all kinds. Beyond that, all sales or exchanges of assets, depreciation entries, re-appraisals, write-offs, and a great many other items and transactions must be looked into to determine their new tax effects.

Some Vital Questions

The rate of tax and the technical changes involve a great deal more than the vast researches needed for the computation of the tax. Many new details emphasize that matters of basic corporate structure and procedures ought now to be looked upon with a trained tax-conscious eye. If we do not do that we may find that disaster will result. Shall we adopt a fiscal year? Is it advisable to purchase other companies? Shall we merge or re-organize? Even in our everyday business routine, tax effects can be significant, and we ought not take the wrong turning. Shall we borrow? Declare dividends? Buy bonds instead of stock? Ask stockholders to cancel amounts due them to increase invested capital? All these and many more are vital questions tax-wise and ought not to be answered without careful consideration of the tax angle, by a competent technician.

Current high rates emphasize the responsibilities of those charged with corporate management. In many cases, the statutory requirements and tax results are the most important single consideration that will govern our business actions. The job is not easy, but it has to be done intelligently if we hope to take full advantage of the Congressional allowances to retain part of our earnings for a post-war era.





RETAILERS RESTRICT CANNED GOODS SALES AFTER RATIONING ANNOUNCEMENT—THORNION PHOTO

THE *Underlying* TREND

SUMMARY: In production the increase of war goods in recent weeks has nearly equalled the decline of goods for civilian use, with total output levelling off. Civilian goods production is below the level of the last four years; at about the 1938 level. Inventories continue to support exceptionally heavy retail sales; the war effect on consumers is most evident in a reduced share of income used for spending.

SOME seasonal slackening in industrial activity during December and early January reduced manufacturing volume very slightly below the all-time high reached last November but after adjustment for the seasonal pattern, measurements of production indicated that the underlying forces of expansion continue to lift output at about the same rate as in recent months. The FRB adjusted index of industrial production rose from 194 to a new high of 196 (revised) in December, bringing the first war production year 1942 to a brilliant close.

The impetus of the tremendous war program which pushed production to the highest level in history was evident particularly in 1942 in the new records scored in foreign trade and heavy domestic industries such as metals, minerals, and shipbuilding which had failed to reach new highs in former years when consumer goods industries, largely for domestic consumption, were the chief spur to the peaks attained in industry.

At the turn of the year the proportion of production shipped abroad to fighting zones was increasing rapidly. Large expansion in exports—including lend-lease—during the final months of

1942 jumped the quantity of goods exported for the year to a record high although lower prices held dollar volume of about \$8,000,000,000 slightly below the peak of \$8,228,016,000 reached in 1920 during the period of reconstruction following the last war (U. S. Dept. Commerce).

The heavy lend-lease shipments, now accounting for about 15 per cent of U. S. war expenditures, were responsible for two-thirds of total exports. Excluding lend-lease, figures indicate shipments abroad were lowest in seven or eight years.

While total manufacturing volume by the end of 1942 had doubled the average for the years 1935-1939, the entire increase was due to military and lend-lease activity. Rough estimates indicate that civilian production ran 10 to 15 per cent below the average for 1935-1939 and approximately at the 1938 level, due in large measure to the severe curtailment in consumer durable goods output. Many soft goods producers in early January reported that civilian production in the coming Spring would decline considerably below 1942 totals, substantiating the WPB estimate of a 15 to 20 per cent drop from 1942 levels in overall civilian production

during 1943, which would reduce the total close to or slightly higher than 1933 levels.

Present estimates are that over 50 per cent of cotton textile and at least 80 per cent of shoe production will reach civilian trade channels, while the volume of food production will decline about 10 per cent from 1942 and remain near the 1935-1939 average.

That consumers will not feel the full effect of the production decline is assured by the substantial cushion of trade inventories on hand.

Inventory Cushion Declining

Distributors' stocks have been declining slowly since last May, due to scarcities of irreplaceable durable goods and difficulties in expanding soft goods lines sufficiently to meet the Fall and Winter upturn in demand. Still at exceptionally high levels in total although very uneven in scarcity lines, trade inventories at the start of 1943 were estimated about 12 per cent below the peak of \$12,200,000,000 reached in May and approximately 5 to 7 per cent below a year ago.

Retailers were situated more favorably than wholesalers and preliminary reports suggest total stocks as large as last year. Wholesale supplies, at the lowest level in almost two years, revealed that the contraction from last year's levels which began in hard goods has now spread to include almost all non-durable lines.

The contraction of inventories and tighter rationing of gasoline and fuel oil by mid-January had not critically affected total retail trade volume. Stimulated by a big response to January promotions of white goods, apparel and homefurnishings heavy turnover in soft goods continued to buoy sales.

Although for the first time since last Summer dollar volume declined below the previous year, the moderateness of the decline from January 1942 when a burst of stock-up spending for foundation garments, wool and rubber products shot sales to exceptionally high levels was indicative of the underlying strength of consumer demand.

An unprecedented and hectic rush for goods of all descriptions gave retailers a December volume which exceeded initial expectations and totalled close to \$6,000,000,000, about 5 per cent larger than the previous all-time monthly high for sales scored in December 1941, according to preliminary estimates. Retail sales for the entire year 1942 reached a record

Industrial

Seasonally Adjusted Index: 1935=100

1939	
January	101
February	101
March	101
April	97
May	98
June	103
July	105
August	106
September	104
October	121
November	124
December	125

Income Payments

Seasonally Adjusted Index: 1935=100

1939	
January	101.3
February	101.9
March	103.0
April	101.8
May	103.6
June	104.8
July	104.6
August	106.1
September	107.3
October	109.9
November	111.3
December	111.3

Inventory

Manufacturers, Wholesale

Billions of Dollars; U. S. Dept. of Commerce

1939	
January	18.24
February	18.20
March	18.34
April	18.49
May	18.38
June	18.23
July	18.18
August	18.25
September	18.48
October	18.93
November	19.45
December	19.33

All Retail

Seasonally Adjusted Index: 1935=100

1939	
January	105.2
February	105.5
March	105.8
April	106.6
May	107.7
June	106.9
July	108.0
August	107.6
September	108.6
October	110.3
November	111.6
December	114.2

Cost of

Index: 1935=100; U. S. Dept. of Commerce

1939	
January	99.1
February	99.1
March	99.1
April	99.1
May	98.6
June	98.6
July	98.6
August	98.6
September	100.6
October	100.6
November	99.6
December	99.6

Wholesale Com

* Index: 1936=100; U. S. Dept. of Commerce

1939	
January	76.9
February	76.9
March	76.7
April	76.2
May	76.2
June	75.6
July	75.4
August	75.0
September	79.1
October	79.4
November	79.2
December	79.2

Industrial S

Monthly Average of Daily

1939	
January	146.87
February	144.60
March	145.06
April	127.73
May	135.50
June	136.26
July	137.89
August	150.72
September	152.15
October	149.98
November	148.54
December	148.54

* Approximation; figure not available.

Industrial Production

Index: 1913-1914 = 100; Federal Reserve Board

	1940	1941	1942
9	122	140	172
1	116	144	172
1	113	144	172
7	112	144	173
8	116	154	175
3	122	159	176
5	127	160	180
6	124	160	183
1	127	161	185
1	131	163	188
4	134	166	191
5	139	168	194

Payments to Individuals

Index: 1913-1914 = 100; U. S. Dept. of Com.

	1940	1941	1942
9	122.6	153.8	
3	124.9	155.6	
0	126.7	157.7	
8	126.6	161.1	
6	134.2	163.1	
8	131.1	167.9	
6	131.8	171.0	
1	131.9	174.3	
3	137.5	176.0	
3	145.7	180.5	
9	146.3	186.0	
3	151.9	188.0*	

Inventories

Wholesalers, Retailers

	1940	1941	1942
9	1060	21.49	27.55
0	1075	21.64	27.78
4	1093	22.14	28.32
0	2060	22.68	28.82
8	2012	23.68	29.15
3	2087	23.99	29.37
8	2060	24.44	29.10
8	2077	25.06	29.03
8	2088	24.92	28.84
5	2131	26.73	28.62
3	2120	27.08	

Wholesale Retail Sales

Index: 1913-1914 = 100; U. S. Dept. of Com.

	1940	1941	1942
9	111.3	130.3	149.7
5	116.6	136.6	144.3
8	119.9	135.5	143.8
6	118.0	137.1	141.2
7	118.0	142.4	147.5
9	115.5	144.7	146.5
6	115.1	143.5	146.2
6	114.4	139.8	146.1
3	115.2	139.9	150.0
6	114.0	142.0	155.0
2	114.5	138.3	145.0*

Cost of Living

Index: 1913-1914 = 100; U. S. Bureau of Labor Statistics

	1940	1941	1942
9	9.8	100.8	112.0
1		100.8	112.9
1		101.2	114.3
6		102.2	115.1
6		102.9	116.6
6		104.6	116.4
6		105.3	116.9
6		106.2	117.4
6		108.1	117.8
6		109.3	119.0
6		110.2	119.8
6		110.5	120.6*

Commodity Prices

Index: 1913-1914 = 100; U. S. Bureau of Labor Statistics

	1940	1941	1942
9	9.4	80.8	96.0
9	9.7	80.6	96.7
7	9.4	81.5	97.6
2	9.6	83.2	98.7
4	9.4	84.9	98.8
6	9.5	87.1	98.6
4	9.7	86.8	98.7
1	9.4	90.3	99.2
1	9.0	91.8	99.6
4	9.7	92.4	100.0
2	9.6	92.5	100.3
2	9.0	93.6	101.0*

Stock Prices

Average of 30 Stocks: Dow-Jones

	1940	1941	1942
7	147.0	130.17	111.11
0	147.0	121.68	107.28
6	147.3	122.52	101.62
3	148.1	110.10	97.79
6	147.6	116.44	98.42
6	147.6	121.57	103.75
6	147.6	127.52	106.04
2	147.6	127.07	106.08
2	147.6	127.35	107.37
5	147.6	121.18	105.51
8	147.6	116.91	115.31
4	147.6	110.07	117.16

\$56,200,000,000, 4 per cent greater than the 1941 peak and sharply above the \$48,000,000,000 of 1929 (U. S. Dept. Commerce). Evidence of large increases in income was the greater gain scored by spending for amusements and services estimated at about 8 to 10 per cent over 1941.

Although retail dollar volume reached new highs in 1942, the gain was entirely due to price increases and physical volume of trade failed to meet 1941 levels by almost 10 per cent, largely because of declines in the quantity of goods sold by filling stations and automotive lines, housefurnishing and general merchandise stores. Volume in physical units of food and drug merchants and of eating and drinking places exceeded a year ago.

An appreciable alteration in the usual pattern of consumer income, expenditure, debt, and savings was increasingly evident at the turn of the year as the 5 per cent victory tax became effective and savings continued to mount higher. During recent peacetime years of good business savings absorbed about 10 per cent of individuals' income, spending 87 per cent, and taxes 3 per cent. In 1942 the proportion of income remaining for spending had been significantly reduced to 71 per cent while taxes accounted for 6 per cent and savings 23 per cent, according to U. S. Dept. of Commerce.

Savings increased 26 per cent in the fourth quarter of 1942 to lift the year's total to a record of some \$26,000,000,000, more than double the \$12,400,000,000 a year earlier. Despite the gain in savings and manifold increase in taxes, the large expansion in consumer income from \$92,000,000,000 in 1941 to \$114,000,000,000 in 1942 prevented any curtailment in spending which soared to a peak of some \$80,000,000,000 compared with \$75,000,000,000 in 1941.

Consumer Debt Off Sharply

Within the aggregate expenditure total, however, divergent trends become more pronounced. Consumer purchasing is characterized by an unusually large expansion in cash sales and a correspondingly large decline in credit sales, with collections on outstanding accounts exceptionally good and improving further.

The steady decline in short-term consumer debt has reduced credit transactions to much less than the usual one-third of all consumer expenditures. From an all-time high of \$9,700,000,000 in September 1941 the U. S. Department of Commerce estimates consumer short-term debt dropped to about \$6,000,000,000 by the start of 1943, lowest total since early 1936. Reflecting the production curtailment of consumer durable goods as well as Federal Reserve Board credit restrictions, the most severe contraction occurred in installment credit which usually finances 60 per cent of durable goods sales. Volume of installment sale debt has dropped close to 75 per cent from the September peak. Charge account debt was more than 20 per cent below the peak at latest reports.

The decline in credit obligations and swift rise in liquid savings accounts has left consumers increasingly able to support the war program. War bond sales rose considerably in December to \$1,014,000,000, but since Christmas gift bonds are included, this higher total does not necessarily presage any significant upturn from the recent \$800,000,000 monthly total.

Prices Edge Upward

Although general ceilings flatten price movements, the creeping advance in prices continued into January, breaking through the wartime highs established late in 1942. Wholesale prices edged up to a seventeen-year high, 8 per cent above a year ago and 3 per cent above May 1942 when the General Maximum Price Regulation became effective. Both wholesale and retail price increases are traceable largely to the steady upward push of agricultural prices. Whereas wholesale prices of all

commodities other than farm products increased 2 per cent over a year ago by mid-January, food prices gained 13 per cent, farm product prices 19 per cent.

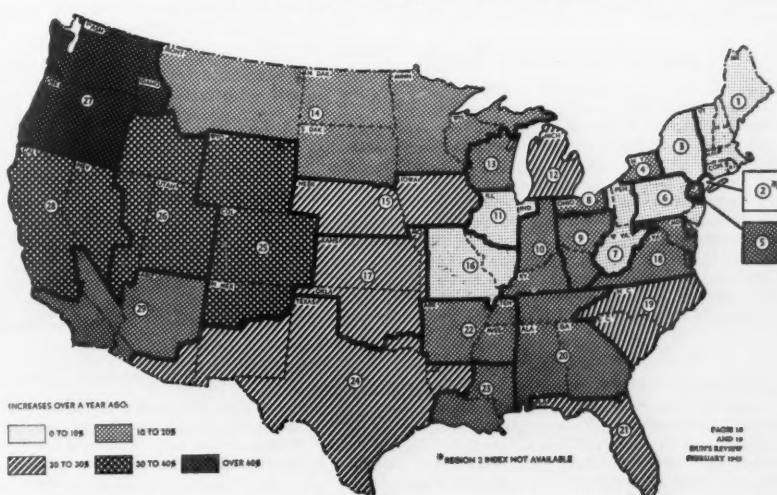
Retail prices of merchandise generally sold in department stores, such as textiles, apparel, and homefurnishings continue unchanged from Summer levels but costs of food, sundries, and fuel rose in December to lift the cost of living about 0.7 per cent over November and 9 per cent over a year ago. Since May food costs have increased 9 per cent, costs of all other goods and services no more than 1 per cent.

Stock market prices continued the gradual rise under way since last Summer and by mid-January reached the highest level since October 1941. The Dow-Jones industrial average advanced to 121.60 from 117.06 a month earlier. Cash dividends of corporations in 1942 declined 12 per cent to \$3,559,000,000 from \$4,041,000,000 in 1941, the U. S. Department of Commerce estimates.

War financing continued to occupy financial markets as the public debt passed the \$100,000,000,000 mark and the new record budget presented for the fiscal year 1944 called for expenditures of \$109,000,000,000 of which \$100,000,000,000 is for the war program; in fiscal 1943 war expenditures are estimated at \$77,000,000,000.

Reflecting December Treasury financing, commercial banks' holdings of Government securities increased to \$28,025,000,000 in early January from \$24,843,000,000 a month earlier.

REGIONAL TRADE BAROMETERS—NOVEMBER



THE BAROMETER FIGURES, upon which this regularly published map is based, appear on the next three pages. This month's regional summaries include new data. A war guide to variations in trade activity is the recent report of the War Manpower Commission indicating the relative tightness of labor supply, and therefore the extent of industrial activity, in 272 production areas of the country. Areas of labor shortage, balance, and surplus are listed on the following pages at the end of each paragraph report of business conditions for the twenty-nine regional trade areas pictured in the map above.

TRADE ACTIVITY—A REGIONAL SUMMARY

U. S. AND REGIONAL

Seasonally adjusted; 1928-1932=100; compiled

I. NEW ENGLAND REGION

NOV., 111.7 OCT., 101.5 NOV. 1941, 105.5
UNADJUSTED: NOVEMBER, 119.4; OCTOBER, 109.3

Barometer gain over last year less than country increase. DECEMBER—Boston wholesale trade 5% below 1941, Portland steady. Massachusetts industrial payrolls running 30% above 1941. Collections above last year. JANUARY—Department store sales 10% above 1942. LABOR*: SHORT.—Hartford, New Britain, Waterbury, Springfield, Newport; BAL.—Meriden, New Haven, New London, Bath, Portland, Brockton, Greenfield, New Bedford, Pittsfield, Claremont, Portsmouth; BAL. (6 mos.)—Worcester, Providence; SURPLUS—Middletown, Torrington, Bangor, Lewiston, Boston, Fall River, Fitchburg, Haverhill, Lowell, Salem, Taunton, Concord, Manchester, Nashua, Burlington.

2. NEW YORK CITY REGION*

DECEMBER—Retail trade expanded seasonally; gains over preceding year somewhat smaller than for country as a whole. Machine shops and uniform makers operating below capacity levels in some sections. Seasonal dullness in apparel manufacturing caused slight decline in employment in month but still larger than a year ago. Industrial payrolls about 25% above 1941. Substantial employment gains in retail stores in month; payrolls about equal to last year. Retail collections show good improvement over a year ago. JANUARY—New York department store sales 6% below 1942 levels. LABOR*: SHORT.—Bridgeport; BAL.—Stamford; BAL. (6 mos.)—Norwalk, SURPLUS—Central Long Island, New York, Yonkers. *Barometer not available.

3. ALBANY AND SYRACUSE REGION

NOV., 131.3 OCT., 132.4 NOV. 1941, 125.6
UNADJUSTED: NOVEMBER, 132.9; OCTOBER, 140.9

Decline in barometer during month made year-to-year increase smallest in the country. DECEMBER—Wholesale trade 12% below last year in Albany, Syracuse up 18%. Milk production near 1941 levels, egg output up. Expansion in war industries lifts industrial payrolls 45% above a year ago in Albany, 30% in Poughkeepsie; Syracuse employment steady. Collections better than last year. JANUARY—Flood conditions disrupt communications in this area; lack of power closes some Gloversville plants. LABOR*: BAL.—Elmira, Utica; BAL. (6 mos.)—Auburn, Binghamton, Kingston, Newburgh, Poughkeepsie, Sidney, Syracuse, Watertown.

4. BUFFALO AND ROCHESTER REGION

NOV., 122.2 OCT., 122.2 NOV. 1941, 106.6
UNADJUSTED: NOVEMBER, 124.0; OCTOBER, 131.7

Increase in barometer slightly higher than for country as a whole. DECEMBER—Wholesale trade 10% above last year in Buffalo, up 3% in Rochester. Continued expansion in war industries spurs Buffalo employment, more than 20% above a year ago. Rochester industrial payrolls about 25% larger than in 1941, smaller gain in Jamestown. Collections unchanged in month, better than a year ago. JANUARY—Buffalo department store sales up 10% from last year in early part of month, Rochester off 15%. LABOR*: SHORT.—Buffalo; BAL.—Elmira, Rochester; BAL. (6 mos.)—Batavia, Dunkirk, Jamestown.

5. NORTHERN NEW JERSEY REGION

NOV., 114.6 OCT., 112.0 NOV. 1941, 104.0
UNADJUSTED: NOVEMBER, 119.0; OCTOBER, 119.7

Improvement in barometer in month and year somewhat less than gains in country average. DECEMBER—Newark wholesale trade 25% above a year ago, expansion in month of 20%. OCTOBER—Farm income 19% above 1941 in New Jersey. Industrial payrolls show good gains over preceding year in Newark, Paterson, New Brunswick, Perth Amboy; smaller increases in Elizabeth, Jersey City. Collections steady with last month, better than a year ago in all groups. JANUARY—Newark department store sales below last year's levels. LABOR*: BAL.—Jersey City, Long Branch, Morrisstown, Newark, Paterson, Perth Amboy.

6. PHILADELPHIA REGION

NOV., 121.7 OCT., 107.7 NOV. 1941, 114.9
UNADJUSTED: NOVEMBER, 125.8; OCTOBER, 113.0

Year-to-year barometer gain among smallest in the country; expansion in month larger than for country. DECEMBER—Philadelphia wholesale trade 5% above 1941. Philadelphia steel rate at about 93% of capacity. Factory employment over 30% above 1941 in Wilmington; 15% in Wilkes-Barre; below in Johnstown, Reading. Collections better than last year. JANUARY—Philadelphia retail trade running 5% above 1942. LABOR*: BAL.—Trenton, Wilmington, Allentown, Berwick, Harrisburg, Lancaster, Lebanon, Philadelphia, Pottstown—Reading, Williamsport, York; BAL. (6 mos.)—Atlantic City, Johnstown; SURPLUS—Allentown, Scranton.

7. PITTSBURGH REGION

NOV., 132.6 OCT., 120.5 NOV. 1941, 124.2
UNADJUSTED: NOVEMBER, 133.6; OCTOBER, 123.3

Increase in barometer over a year ago substantially below average gain for country. DECEMBER—Pittsburgh wholesale trade 12% below last year; Erie up 15%, Charleston 10%. West Virginia farm income 17% above 1941 in October. Industrial payrolls 20% above a year ago in Pittsburgh, up 35% in Erie; West Virginia employment close to 1941 levels. Retail collections better than last year. JANUARY—Floods curb industrial activity and retail trade in Pittsburgh, Wheeling. LABOR*: BAL.—Erie, New Castle, Pittsburgh, Washington, Aliquippa, Warren, Point Pleasant; BAL. (6 mos.)—Youngstown; East Liverpool; SURPLUS—Charleston, Huntington, Parkersburg, Wheeling.

8. CLEVELAND REGION

NOV., 150.2 OCT., 154.0 NOV. 1941, 130.1
UNADJUSTED: NOVEMBER, 160.5; OCTOBER, 149.8

Despite barometer decline in month, year-to-year gain was larger than nation-wide increase. DECEMBER—Cleveland wholesale trade 5% below last year; Akron up 32%, Toledo up 7%. Farm income running 30% above last year in this area. Lake shipments of iron ore at record levels. Industrial payrolls expand in month in Akron, Canton; 20% above last year in Cleveland. Collections ahead of 1941. JANUARY—Cleveland department store sales 8% below last year, Akron up 11%. LABOR*: SHORT.—Akron; BAL.—Canton, Cleveland, Fremont, Lima, Lorain, Sandusky; BAL. (6 mos.)—Mansfield, Toledo, Fostoria; SURPLUS—Steubenville.

9. CINCINNATI AND COLUMBUS REGION

NOV., 158.2 OCT., 153.4 NOV. 1941, 142.7
UNADJUSTED: NOVEMBER, 169.4; OCTOBER, 159.4

Both monthly and yearly gains in barometer somewhat smaller than increases for entire country. DECEMBER—Cincinnati wholesale trade 20% above a year ago; Columbus off 20%. Farmers' income in this area substantially ahead of 1941. Industrial employment about 15% above a year ago in Cincinnati, Dayton; Columbus payrolls over 60%. Collections frequently improved in month, generally better than last year. JANUARY—Severe floods affect trade and industry in Portsmouth, Marietta areas. LABOR*: SHORT.—Dayton; BAL.—Columbus, Hamilton, Marion, Piqua; BAL. (6 mos.)—Cincinnati; SURPLUS—Coshocton, Portsmouth, Zanesville.

10. INDIANAPOLIS AND LOUISVILLE REGION

NOV., 178.3 OCT., 174.0* NOV. 1941, 152.1
UNADJUSTED: NOVEMBER, 179.9; OCTOBER, 178.1

Good barometer increase over corresponding month last year better than country-wide gain. DECEMBER—Louisville wholesale trade 10% below last year, Indianapolis steady. October farm income 76% above 1941 in Indiana, 52% in Kentucky. Industrial employment one-fifth larger than a year ago in Evansville; below in Louisville. Collections steady to better than 1941. JANUARY—Indianapolis department store sales 31% above last year. LABOR*: BAL.—Evansville, Michigan City, Terre Haute, Louisville; BAL. (6 mos.)—Bloomington, Fort Wayne, Indianapolis, Richmond; SURPLUS—Muncie, Owensboro, Paducah. *Revised.

II. CHICAGO REGION

NOV., 121.0 OCT., 114.3 NOV. 1941, 114.4
UNADJUSTED: NOVEMBER, 122.5; OCTOBER, 117.7

Barometer increase over a year ago one of the smallest gains in the country. DECEMBER—Chicago wholesale turnover 6% ahead of year ago. Income from livestock 25% above 1941 in Peoria area. Industrial employment near last year's levels in Peoria, Chicago, Springfield, South Bend; below 1941 in Gary, Joliet. Payrolls generally show good increases in year. Collections steady to unchanged from a year ago. JANUARY—Chicago retail sales impeded by bad weather; below last year. LABOR*: BAL.—Joliet, Moline, Springfield, Sterling, Gary; BAL. (6 mos.)—Aurora, Chicago, Rockford, South Bend; SURPLUS—Bloomington, Danville, Galesburg, Peoria.

12. DETROIT REGION

NOV., 153.0 OCT., 163.2 NOV. 1941, 124.8
UNADJUSTED: NOVEMBER, 169.8; OCTOBER, 146.9

Despite decline in barometer in month, gain over last year was substantially better than increase for country. DECEMBER—Detroit wholesale trade 20% above a year ago, Grand Rapids off 10%. Michigan farm income 46% ahead of last year in October. Industrial employment in Detroit nearly 35% above 1941, Grand Rapids continues below last year; factory payrolls in Michigan up 34%. Collections better than 1941. JANUARY—Detroit department store sales 2% above last year. LABOR*: SHORT.—Detroit; BAL.—Adrian, Battle Creek, Benton Harbor, Flint, Jackson, Lansing, Muskegon, Pontiac, Saginaw; SURPLUS—Grand Rapids, Kalamazoo.

REGION	Nov. 1942	Change from Nov. '41	Change from Oct. '42
U. S.	140.7	+14.0	+11.0
1. New England.	111.7	+5.9	+10.0
2. New York City.	↑	↑	↑
3. Albany, Syracuse.	131.3	+4.5	-0.8
4. Buffalo, Rochester.	122.2	+14.6	0
5. Northern New Jersey.	114.6	+10.2	+2.3
6. Philadelphia.	121.7	+5.9	+13.0
7. Pittsburgh.	132.6	+6.8	+10.0
8. Cleveland.	150.2	+15.4	-2.5
9. Cincinnati, Columbus.	158.2	+10.9	+3.1
10. Indianapolis, Louisville.	178.3	+17.2	+2.5
11. Chicago.	121.0	+5.8	+5.9
12. Detroit.	153.0	+22.6	-6.3
13. Milwaukee.	148.3	+13.3	+5.9
14. Minneapolis, St. Paul.	141.5	+10.6	+9.9

* LABOR.

Industrial areas have been classified by WMC according to the available labor supply. SHORT.: areas of current acute labor shortage; BAL.: areas of current balance of supply and demand; BAL. (6 mos.): areas of anticipated balance in 6 months, present supply adequate; SURPLUS: areas of labor surplus. Also see footnote below trade map on preceding page.

THE BAROMETERS

The barometers are composite indexes of trade activity compiled by Dr. L. D. H. Weld, Director of Research, McCann-Ericson, Inc.; the monthly average for the years 1928-1932 inclusive equals 100. In each paragraph the indexes on the first line are adjusted for seasonal variation; the unadjusted figures are shown on the second line. References in the paragraphs are to the adjusted indexes. A map showing the relative changes in trade by re-

1. NEW ENGLAND

Bangor 0 +17
Boston +5 +9
Brockton -7
Fall River +1
Hartford +5 +24
Holyoke +10
Lowell +17
Lynn +9
Manchester 0 -9
New Bedford +8 +10
New Haven +2 +6
Portland +15 +54
Providence +5 +11
Springfield +28
Watertown 0
Worcester +2 +9

2. NEW YORK CITY

Bridgeport -5
New York City. +7 +16
Stamford +23
*Department stores only.

3. ALBANY AND SYRACUSE

Albany -2 -7
Binghamton +4 +4
Poughkeepsie +9
Syracuse +2 +7
Utica +6 +16

4. BUFFALO AND ROCHESTER

Buffalo +5 +13
Elmira +37
Jamestown -2
Rochester +4 +10

5. NORTHERN NEW JERSEY

Jersey City -4
Montclair -4
Newark +1 +24
Passaic +8

6. PHILADELPHIA

Allentown +10 -1
Allentown -5
Camden +10
Chester +22
Harrisburg +5 +3
Hazleton -4
Johnstown -9
Lancaster +3 +3
Lebanon +8
Norristown +4
Philadelphia +10 -5
Reading +2 +3
Scranton +6 -14
Trenton +4 +7
Wilkes-Barre +1 0

6. PHILADELPHIA

Williamsport +18 +33
Wilmington +8 +5
York 0 +8

7. PITTSBURGH

Butler -1
Charleston +5 +13
Erie +7 +15
Greensburg -4
Franklin +1
Homestead -7
Huntington -1
Oil City -5
Parkersburg +4
Pittsburgh +3 +3
Sharon +23
Warren -10
Youngstown +3 +2

8. CLEVELAND

Akron +18 +35
Canton +2 +14
Cleveland +5 +18
Hamilton +7
Lima +5 +94
Lorain -1
Toledo +11 +10

9. CINCINNATI AND COLUMBUS

Cincinnati +3 +11
Columbus +7 +16
Dayton +13
Lexington +4
Middletown -14
Springfield +10 +15
Steubenville +9
Zanesville -11

10. INDIANAPOLIS AND LOUISVILLE

Evansville +35 +41
Fort Wayne +20 +15
Indianapolis +9 +14
Louisville +2 +5
Owensboro +11
Terre Haute +12 +1

11. CHICAGO

Aurora -1
Bloomington +31
Champaign-Urbana -15
Chicago +5 +8
Danville +13
Decatur -7
Elgin +10
Gary +6
Hammond +12
Moline +8
Peoria 0 -1
Rockford 0 +15
South Bend +5 -3
Springfield +9

TRADE BAROMETER

for DUN'S REVIEW by Dr. L. D. H. Weld

REGION	Nov. 1942	Change from Nov. '41	Change from Oct. '42
15. Iowa, Nebraska	124.9	+24.9	+4.1
16. St. Louis	134.9	+9.8	-3.4
17. Kansas City	151.4	+28.1	+12.1
18. Maryland, Virginia	178.7	+15.7	+5.7
19. North, South Carolina	182.4	+22.8	+5.4
20. Atlanta, Birmingham	197.4	+13.1	+16.2
21. Florida	209.3	+21.1	+1.1
22. Memphis	178.0	+19.1	-1.5
23. New Orleans	159.5	+19.8	+17.6
24. Texas	183.0	+21.8	+11.8
25. Denver	170.9	+30.5	+4.5
26. Salt Lake City	174.0	+35.7	+5.5
27. Portland, Seattle	193.3	+41.2	+13.1
28. San Francisco	161.2	+36.1	+14.7
29. Los Angeles	138.0	+15.4	+9.6

† Unavailable.

gions as indicated by the barometers is on the preceding page.

THE SUMMARIES

The material in the paragraph summaries covers the month of December and the first week of January. The estimates of trade changes and other reports in the paragraphs are based upon opinions of business men, gathered and weighed by local DUN & BRADSTREET offices.

CITY LIST

How trade activity in December compared with that of a year ago is indicated generally for 292 cities throughout the country by these two sets of figures: spot estimates of retail sales (on the left) from local DUN & BRADSTREET offices; check transactions (on the right) from bank debits published by the Federal Reserve Board. The figures shown are percentage changes from a year ago.

12. DETROIT

Adrian	+11
Battle Creek	+29
Bay City	+5
Detroit	+10
Dickinson	+7
Grand Rapids	+2
Jackson	+19
Kalamazoo	+6
Lansing	+47
Saginaw	+6

17. KANSAS CITY

Atchison	+4
Bartlesville	+2
Emporia	+9
Enid	+1
Flint	+7
Guthrie	+49
Hutchinson	+17
Independence	+24
Joplin	+20
Kansas City	+26
Lawrence	+31
Muskogee	+57
Oklahoma City	+25
Okmulgee	+3
Pittsburg	+54
St. Joseph	+7
Salina	+32
Topeka	+25
Tulsa	+13
Wichita	+33

13. MILWAUKEE

Green Bay	+3
Manitowoc	+21
Milwaukee	+7
Oshkosh	+14
Sheboygan	+27

14. MINNEAPOLIS AND ST. PAUL

Aberdeen	+11
Billings	+3
Bismarck	+4
Butte	+7
Duluth	+12
Eau Claire	+19
Fargo	+5
Grand Forks	+18
Great Falls	+15
Helen	+9
Ironwood	+4
Jamestown	+33
La Crosse	+3
Mankato	+7
Marquette	+7
Minneapolis	+12
Minot	+5
Red Wing	+3
Rochester	+6
St. Cloud	+3
St. Paul	+10
St. James	+2
So. St. Paul	+24
Superior	+26
Winona	+8

15. IOWA AND NEBRASKA

Cedar Rapids	+9
Clinton	+6
Davenport	+5
Des Moines	+12
Dubuque	+4
Fremont	+81
Lincoln	+15
Mason City	+24
Muscatine	+7
Omaha	+20
Sioux Falls	+7
Waterloo	+4

16. ST. LOUIS

East St. Louis	+17
Quincy	+5
St. Louis	+11
Sedalia	+6
Springfield	+15

19. NORTH AND SOUTH CAROLINA

Asheville	+2
Charlotte	+20
Charlotte	+5
Columbia	+28
Durham	+25
Greensboro	+10
Greenville	+22
Raleigh	+10
Spartanburg	+12
Wilmington	+15
Winston-Salem	+13

20. ATLANTA AND BIRMINGHAM

Albany	+17
Atlanta	+3
Augusta	+15
Birmingham	+0
Brunswick	+142
Chattanooga	+8
Columbus	+12
Dothan	+30
Elberton	+7
Knoxville	+2
Macon	+15
Mobile	+25
Montgomery	+9
Nashville	+7
Newnan	+12
Savannah	+3
Valdosta	+27

(Continued on next page)

BAROMETERS FOR TWENTY-NINE REGIONS

13. MILWAUKEE REGION

NOV., 148.3 OCT., 140.0 NOV. 1941, 130.9

UNADJUSTED: NOVEMBER, 153.9; OCTOBER, 144.2
Barometer gain over a year ago close to country-wide increase although month-to-month advance was smaller. DECEMBER—Milwaukee wholesale trade 20% above 1941. Wisconsin farm income below country average in October. Factory employment 72% above last year in Manitowoc, Madison up 35%, West Allis 25%; Marinette 12% below 1941; Janesville off 44%. Collections better than a year ago. JANUARY—Milwaukee department store sales 11% above last year. Green Bay paper production slackens somewhat. LABOR*: SHORT.—Manitowoc, Sturgeon Bay; BAL.—Milwaukee; BAL. (6 mos.)—Racine, Madison; SURPLUS—Oshkosh, Sheboygan.

14. MINNEAPOLIS AND ST. PAUL REGION

NOV., 141.5 OCT., 128.8 NOV. 1941, 127.9

UNADJUSTED: NOVEMBER, 140.7; OCTOBER, 137.4
Gains in barometer over last month and last year smaller than advances for country as a whole. DECEMBER—Minneapolis wholesale trade 20% ahead of a year ago, Duluth off 20%, Great Falls unchanged. Livestock condition excellent; egg production above 1941. Flour milling, packing, baking industries active. Minneapolis employment about 50% above last year, St. Paul up 10%, LaCrosse steady. Collections frequently better than 1941. DECEMBER—Army personnel helping retail trade in Great Falls, LaCrosse, Sioux Falls. LABOR*: BAL. (6 mos.)—Duluth, Twin Cities, Sioux Falls, Eau Claire; SURPLUS—Billings, LaCrosse.

15. IOWA AND NEBRASKA REGION

NOV., 124.9 OCT., 120.0 NOV. 1941, 100.0

UNADJUSTED: NOVEMBER, 137.0; OCTOBER, 123.3
Substantial advance over 1941 marked November performance of barometer; better than country average gain. DECEMBER—Wholesale turnover 7% above last year in Sioux City, up 5% in Omaha. Winter wheat condition benefited by ample moisture; grain, egg, poultry prices increase swelling farm incomes in this area. Factory payrolls for Iowa 15% above last year; Des Moines employment over twice as large as a year ago. Collections show improvement over 1941. JANUARY—Retail trade brisk in Lincoln, Cedar Rapids. LABOR*: BAL.—Burlington; BAL. (6 mos.)—Cedar Rapids, Des Moines, Omaha; SURPLUS—Sioux City, Lincoln.

16. ST. LOUIS REGION

NOV., 134.9 OCT., 139.7 NOV. 1941, 122.9

UNADJUSTED: NOVEMBER, 132.9; OCTOBER, 141.0
Moderate gain in barometer over last year smaller than increase for country as a whole. DECEMBER—St. Louis wholesale trade 10% ahead of a year ago. Value of milk production in this area 20% above last year. Shoe production slackens somewhat; steel rate in St. Louis at 107% of capacity. Springfield employment expands in month, 15% above last year in St. Louis; Quincy continues below 1941. Collections at better rate than last year. JANUARY—St. Louis retail trade running close to last year's levels. LABOR*: BAL.—Sterling; BAL. (6 mos.)—St. Louis; SURPLUS—Herrin, Quincy, Cape Girardeau, Springfield.

17. KANSAS CITY REGION

NOV., 151.4 OCT., 135.1 NOV. 1941, 118.2

UNADJUSTED: NOVEMBER, 158.5; OCTOBER, 141.5
Outstanding gain over last year marked barometers' performance this month; better than country increase. DECEMBER—Kansas City wholesale trade 30% ahead of last year; Oklahoma City up 5%. Large Winter wheat acreage helped by good weather; livestock marketings best since 1929. Factory employment 60% above last year in Kansas City, up 80% in Tulsa. Collections markedly better than 1941. JANUARY—Expanded farm income and industrial payrolls boom retail trade in Wichita, Oklahoma City. LABOR*: SHORT.—Wichita; BAL.—Parsons, Choteau, McAlester; BAL. (6 mos.)—Kansas City, Oklahoma City, Tulsa; SURPLUS—Joplin, St. Joseph.

18. MARYLAND AND VIRGINIA REGION

NOV., 178.7 OCT., 169.0 NOV. 1941, 154.5

UNADJUSTED: NOVEMBER, 192.0; OCTOBER, 184.4
Year-to-year gain in barometer close to country increase. DECEMBER—Baltimore wholesale trade 8% above last year, Norfolk up 10%, Richmond 12%. High tobacco prices stimulating farmers' income in Virginia. Industrial payrolls 45% above last year in Baltimore; employment up 15%, steady with a year ago in Lynchburg, Roanoke. Collections unchanged to improved over last year. JANUARY—Baltimore department store sales about even with 1942, Washington below. LABOR*: SHORT.—Baltimore, Elkton, Hampton Roads, Washington; BAL.—Hagerstown; BAL. (6 mos.)—Cumberland; SURPLUS—Richmond, Roanoke, Danville, Lynchburg.

19. NORTH AND SOUTH CAROLINA REGION

NOV., 182.4 OCT., 173.0 NOV. 1941, 148.5

UNADJUSTED: NOVEMBER, 198.2; OCTOBER, 203.5
Barometer yearly increase greater than country average gain. DECEMBER—Wilmington wholesale trade 10% above last year, Charleston up 15%, Winston-Salem 7%. Truck crops damaged slightly by sudden freeze but generally in good condition. Industrial employment expands in month, sharply above a year ago in Wilmington, Columbia. Collections well ahead of 1941. JANUARY—Textile activity in Greenville, Charlotte spurring employment, payrolls. LABOR*: SHORT.—Elizabeth City, Charleston; BAL.—Wilmington; BAL. (6 mos.)—Charlotte; SURPLUS—Greenville, Durham, Greensboro, Winston-Salem, Rocky Mount, Columbia, Greenville.

20. ATLANTA AND BIRMINGHAM REGION

NOV., 197.4 OCT., 169.9 NOV. 1941, 174.6

UNADJUSTED: NOVEMBER, 205.5; OCTOBER, 190.4
Monthly advance in barometer among largest in country but year-to-year gain smaller than average. DECEMBER—Atlanta wholesale trade 15% above 1941, Birmingham, Nashville up 5%. Winter greens and grain crops slightly damaged by frost. Factory employment, payrolls at high levels; best gains in Mobile, Savannah. Collections improved in year. JANUARY—Floods retard trade in Northern Georgia, Knoxville. LABOR*: SHORT.—Mobile, Brunswick, Macon; BAL.—Huntsville, Talladega, Savannah, Bristol; BAL. (6 mos.)—Florence, Atlanta; SURPLUS—Birmingham, Montgomery, Augusta, Columbus, Rome, Chattanooga, Knoxville, Nashville.

21. FLORIDA REGION

NOV., 209.3 OCT., 207.1* NOV. 1941, 172.9

UNADJUSTED: NOVEMBER, 202.6; OCTOBER, 180.7
Substantial barometer increase over a year ago better than country average gain. DECEMBER—Jacksonville wholesale trade 18% above last year, Tampa off 5%. Orange crop about 9% above last season, tangerines 67% larger, grapefruit up 28%. Shipbuilding spurs Tampa employment, about 35% ahead of a year ago; Miami up 75%; smaller gains in Jacksonville. Collections steady to better than last year. JANUARY—Army personnel in Miami offsets loss of tourist trade somewhat. Shipments of Winter vegetables active. LABOR*: SHORT.—Panama City; BAL.—Tampa; BAL. (6 mos.)—Jacksonville; SURPLUS—Miami, St. Petersburg. Revised.

22. MEMPHIS REGION

NOV., 178.0 OCT., 180.7 NOV. 1941, 149.5

UNADJUSTED: NOVEMBER, 202.7; OCTOBER, 220.9
Despite decline in barometer in month, year-to-year increase was better than country average. DECEMBER—Memphis wholesale trade 15% above last year. Slow movement of cotton to markets holds Arkansas farm income 11% below 1941 in October. Industrial employment in Memphis over one-fourth as large as a year ago; payrolls at excellent levels in Pine Bluff, Little Rock, Marche. Collections at better rate than last year. JANUARY—Unusual warmth and ample moisture benefit Winter crops in this area. LABOR*: BAL.—Pine Bluff; BAL. (6 mos.)—Aberdeen, Memphis; SURPLUS—Fort Smith, Little Rock.

23. NEW ORLEANS REGION

NOV., 159.5 OCT., 135.6 NOV. 1941, 133.1

UNADJUSTED: NOVEMBER, 170.0; OCTOBER, 151.2
Changes in barometer over last month and last year more favorable than country variations. DECEMBER—New Orleans wholesale trade 20% above a year ago, Jackson up 17%. In 1942 Louisiana sugar cane crop about 35% larger than in 1941; Orange production up 77%. New Orleans factory employment 50% ahead of last year; Jackson payrolls expand in month, well ahead of a year ago. Collections generally steady with 1942. JANUARY—Crude oil production in Louisiana 6% below 1942 in early part of month. LABOR*: SHORT.—Pascagoula; BAL. (6 mos.)—New Orleans; SURPLUS—Alexandria, Baton Rouge, Jackson, Vicksburg.

24. TEXAS REGION

NOV., 183.0 OCT., 163.7 NOV. 1941, 150.2

UNADJUSTED: NOVEMBER, 197.4; OCTOBER, 181.7
Substantial increase in barometer over a year ago better than country-wide gain. DECEMBER—Dallas wholesale trade 15% above last year, Houston up 5%, San Antonio 8%, Fort Worth 25%. Livestock excellent, grazing conditions good. Factory payrolls 20% above 1941 in Dallas, 35% in Fort Worth. Collections continue better than 1941. JANUARY—Dallas department store sales up 43% from last year, Fort Worth 23%. LABOR*: BAL.—Beaumont, Dallas, Texarkana; BAL. (6 mos.)—Amarillo, Corpus Christi, Galveston, Houston, San Antonio, Waco; SURPLUS—Monroe, Shreveport, Abilene, El Paso, Laredo, Lubbock, San Angelo, Wichita Falls.

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BAROMETERS FOR TWENTY-NINE REGIONS

25. DENVER REGION

NOV., 170.9 OCT., 163.5 NOV. 1941, 131.0
UNADJUSTED: NOVEMBER, 179.3; OCTOBER, 168.8

Outstanding barometer gain over a year ago among best in the entire country. DECEMBER—Denver wholesale turn-over running about 12% ahead of last year, Albuquerque up 5%. Ample moisture insuring good Winter range conditions in this area. Denver employment expands further in month, about 95% above a year ago; Albuquerque about at 1941 levels. Collections at same rate as last month, still much better than a year ago. JANUARY—Denver department store sales running about 20% ahead of last year in early part of month. LABOR*: SHORT.—Cheyenne; BAL.—Pueblo; BAL. (6 mos.)—Denver; SURPLUS—Albuquerque.

26. SALT LAKE CITY REGION

NOV., 174.0 OCT., 164.9 NOV. 1941, 128.2
UNADJUSTED: NOVEMBER, 183.5; OCTOBER, 170.1

One of the most outstanding year-to-year increases in the country was registered by this barometer in November. DECEMBER—Salt Lake City wholesale turnover running 5% below a year ago. Utah farm income 33% above last year in October, Idaho up 40%. Winter wheat acreage expanded, condition somewhat below last season. Industrial employment more than double a year ago in Salt Lake City, at record highs in Ogden; gains in Boise smaller. Collections at good rate. JANUARY—Salt Lake City department store sales running about 50% ahead of last year early in month. LABOR*: SHORT.—Las Vegas, Ogden; BAL.—Pocatello, Provo, Salt Lake City.

27. PORTLAND AND SEATTLE REGION

NOV., 193.3 OCT., 170.9 NOV. 1941, 136.9
UNADJUSTED: NOVEMBER, 189.5; OCTOBER, 180.2

This region had largest increase in barometer over last year in November in the country. DECEMBER—Seattle wholesale trade 18% larger than last year, Portland up 35%. Rains retard Winter wheat in some sections. Industrial pay-

rolls at exceptional levels in this area; employment 100% ahead of last year in Tacoma, Portland; slightly below 1941 in Spokane. Collections unchanged in month, much improved over a year ago. JANUARY—Unseasonal floods cause considerable damage in Eugene, Albany, Salem; trade, industry hampered. LABOR*: SHORT.—Portland, Seattle; BAL.—Everett, Spokane.

28. SAN FRANCISCO REGION

NOV., 161.2 OCT., 140.6 NOV. 1941, 118.4
UNADJUSTED: NOVEMBER, 162.3; OCTOBER, 142.5

Region continues as one of country's leaders in barometer performance; substantial gains over last month and last year. DECEMBER—San Francisco wholesale turnover 8% above last year. California farm income 18% above last year in October, less than average increase for country. Industrial payrolls one and one-half times as large as a year ago in San Francisco Bay area; employment up 80% in Oakland, steady in Sacramento. Collections ahead of 1941. JANUARY—San Francisco department store sales about 15% ahead of last year. LABOR*: BAL.—San Francisco, Stockton; BAL. (6 mos.)—Fresno, San Jose.

29. LOS ANGELES REGION

NOV., 138.0 OCT., 125.9 NOV. 1941, 119.6
UNADJUSTED: NOVEMBER, 135.5; OCTOBER, 125.3

Changes in barometer in month and year close to variations for country as a whole. DECEMBER—Los Angeles wholesale turnover 10% below a year ago. California orange crop 22% below last year, grapefruit output off 2%; lemon crop showed increase of 16%. Industrial payrolls continue at markedly high levels; in Los Angeles 90% ahead of last year, in Arizona up 60%. Collections unchanged in month but show improvement over 1941. JANUARY—Ranges in this area continue dry; moisture badly needed for livestock and crops. LABOR*: SHORT.—San Diego; BAL.—San Bernardino; BAL. (6 mos.)—Los Angeles.

How trade activity in December compared with that of a year ago is indicated generally by the figures below. Percentage changes are for retail trade estimates (on the left) and check transactions (on the right).

21. FLORIDA

Jacksonville +4 +18
Miami +8 +10
Pensacola +18
Tampa +35 +47

22. MEMPHIS

El Dorado +43
Fort Smith -6
Greenville +37
Helena +8
Little Rock +14 +29
Memphis +15 0
Pine Bluff +34
Texarkana -45

23. NEW ORLEANS

Hattiesburg +17
Jackson +7 +66
Meridian -27
New Orleans +10 +8
Vicksburg +33

24. TEXAS

Abilene +12
Amarillo +12
Austin +33 +3
Beaumont +37
Corsicana +37
Dallas +5 +8
El Paso +13 +18
Fort Worth +22 +17
Galveston +25 -8
Houston +7 +26
Lubbock +12
Port Arthur +27
Roswell +25
San Antonio +14 +20
Shreveport -10
Texarkana -15
Tucson +33
Tyler -2
Waco +35 +29
Wichita Falls +10 -33

25. DENVER

Albuquerque +4 +10
Casper +5
Cheyenne +35
Colorado Springs +66
Denver +15 +25
Grand Junction +22
Pueblo +22

26. SALT LAKE CITY

Boise +27
Ogden +108
Salt Lake City +27 +26

27. PORTLAND AND SEATTLE

Bellingham +9
Eugene +35
Everett +49
Portland +40 +42
Salem +11
Seattle +23 +43
Spokane +25 +52
Tacoma +40 +58
Walla Walla +36
Yakima +31

28. SAN FRANCISCO

Bakersfield +3
Berkeley +38
Fresno +4
Oakland +25 +76
Reno +23
Sacramento +15 +20
San Francisco +18 +21
San Jose +41
Stockton +21

29. LOS ANGELES

Long Beach +26
Los Angeles +8 +7
Pasadena +2
Phoenix +6 +23
Riverside +33
San Bernardino +30
San Diego +23 +107
Santa Barbara +14

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"
More detailed figures appear in "DUN'S STATISTICAL REVIEW." Back figures available upon request.

Wholesale Food Price Index

The Index is the sum of the wholesale price per pound of 31 commodities in general use.

1943		1942	
Jan. 26	\$4.03	Jan. 27	\$3.51
Jan. 19	4.03	Jan. 20	3.47
Jan. 12	4.03	Jan. 13	3.47
Jan. 5	4.04	Jan. 6	3.45
1942		1941	
Dec. 29	\$4.02	Dec. 30	\$3.43
Dec. 22	4.02	Dec. 23	3.42
Dec. 15	4.00	Dec. 16	3.39
Dec. 8	3.97	Dec. 9	3.37
Dec. 1	3.96	Dec. 2	3.33
Nov. 24	3.95	Nov. 25	3.34
Nov. 17	3.94	Nov. 18	3.32
Nov. 10	3.94	Nov. 11	3.31
Nov. 3	3.92	Nov. 4	3.28
Oct. 27	3.91	Oct. 28	3.28
Oct. 20	3.91	Oct. 21	3.26
Oct. 13	3.87	Oct. 14	3.29
Oct. 6	3.88	Oct. 7	3.32
Sept. 29	3.86	Sept. 30	3.34
Sept. 22	3.84	Sept. 23	3.33
Sept. 15	3.82	Sept. 16	3.33
Sept. 8	3.81	Sept. 9	3.34
Sept. 1	3.81	Sept. 2	3.28
Aug. 25	3.80	Aug. 26	3.26
Aug. 18	3.78	Aug. 19	3.21
Aug. 11	3.76	Aug. 12	3.21
Aug. 4	3.74	Aug. 5	3.19
July 28	3.72	July 29	3.16
July 21	3.71	July 22	3.16
July 14	3.69	July 15	3.09

HIGH		LOW	
1943.. Jan. 5	\$4.04	Jan. 12	\$4.03
1942.. Dec. 22	4.02	Jan. 6	3.45
1941.. Dec. 30	3.43	Jan. 7	2.50
1940.. Dec. 10	2.49	June 18	2.18
1939.. Sept. 19	2.46	Aug. 15	2.13
1937.. Mar. 16	3.01	Dec. 28	2.56
1933.. July 18	2.08	Jan. 31	1.49
1929.. Feb. 28	3.52	Dec. 12	3.11
1919.. July 31	5.30	Feb. 13	4.58

Building Permit Values—215 Cities

	Dec. 1942	Dec. 1941	% Change	Nov. 1942	% Change
New England	\$1,811,365	\$5,156,774	-64.9	\$1,838,887	-1.5
Middle Atlantic	4,529,759	14,650,599	-69.1	6,921,572	-34.6
South Atlantic	3,184,003	13,070,966	-75.6	3,003,521	+6.0
East Central	8,769,129	19,560,186	-55.2	11,638,878	-24.6
South Central	2,953,363	22,840,566	-87.1	3,075,954	-4.0
West Central	2,136,841	3,299,103	-35.2	2,380,145	-10.2
Mountain	422,778	1,347,810	-68.6	809,124	-47.7
Pacific	15,039,531	13,930,745	+8.0	5,078,503	+196.1
Total U. S.	\$38,846,769	\$93,856,749	-58.6	\$34,746,584	+11.8
New York City	\$631,495	\$6,724,050	-90.6	\$865,399	-27.0
Outside N. Y. C.	\$38,215,274	\$87,132,699	-56.1	\$33,881,185	+12.8

Bank Clearings for Individual Cities

	Dec. 1942	Dec. 1941	% Change	Nov. 1942	% Change
Boston	1,704,309	1,485,676	+14.7	1,416,186	+20.3
Philadelphia	2,663,000	2,747,000	-3.1	2,292,000	+16.2
Buffalo	255,887	236,911	+8.0	218,600	+17.1
Pittsburgh	1,152,038	1,022,409	+12.7	907,510	+26.9
Cleveland	974,742	800,502	+21.8	768,498	+26.8
Cincinnati	481,187	422,832	+13.8	389,215	+23.6
Baltimore	638,625	540,139	+18.2	521,002	+22.6
Richmond	334,586	282,274	+18.5	301,332	+11.0
Atlanta	560,500	483,400	+15.9	488,554	+14.7
New Orleans	350,001	285,967	+22.4	318,855	+9.9
Chicago	1,965,729	2,050,355	-4.1	1,671,481	+17.6
Detroit	1,458,551	947,904	+53.9	1,241,882	+17.4
St. Louis	720,270	631,091	+14.1	609,152	+18.2
Louisville	304,137	284,747	+6.8	249,463	+21.9
Minneapolis	551,435	463,067	+19.1	480,537	+14.8
Kansas City	782,287	649,181	+20.5	683,575	+14.4
Omaha	285,217	207,722	+37.3	254,512	+12.1
Denver	224,255	196,342	+14.2	217,769	+3.0
Dallas	435,022	389,770	+11.6	395,513	+10.0
Houston	409,355	332,029	+23.3	348,427	+17.2
San Francisco	1,186,085	976,612	+21.4	1,007,580	+17.7
Portland, Ore.	330,819	240,341	+37.6	305,829	+8.2
Seattle	381,199	282,517	+34.9	330,797	+15.2
Total 23 Cities	18,149,236	15,958,788	+13.7	15,417,999	+17.7
New York	19,506,080	18,130,956	+7.6	15,124,434	+29.0
Total 24 Cities	37,655,316	34,089,744	+10.5	30,542,433	+23.3
Daily Average	1,448,281	1,311,144	+10.5	1,388,292	+4.3

Daily Wholesale Price Index

(1930-1932 = 100)

The Index is prepared from the spot closing prices of 30 basic commodities.

	1943 Jan.	Dec.	1942 Nov.	Oct.
1	166.61	161.11	159.68	161.45
2	166.61	161.96	159.68	161.34
3	166.61	162.11	159.68	161.26
4	167.22	162.20	159.91	161.26
5	167.23	162.50	160.60	160.73
6	166.94	162.50	160.61	160.65
7	167.51	162.66	160.70	160.65
8	167.90	162.71	160.70	160.86
9	168.33	162.75	160.91	160.44
10	168.33	163.16	160.46	159.82
11	168.26	163.37	160.57	159.82
12	167.56	163.61	160.57	159.91
13	167.33	163.61	160.45	159.91
14	167.54	164.10	160.54	160.13
15	167.82	164.40	160.45	159.98
16	168.23	164.38	160.46	159.80
17	168.23	164.74	160.10	159.79
18	168.82	165.07	160.02	159.79
19	168.24	165.17	160.24	159.58
20	168.17	165.17	160.16	159.82
21	168.07	165.25	160.12	159.98
22	168.46	165.58	160.12	159.75
23	168.32	165.39	159.75	159.64
24	168.32	165.40	160.08	159.70
25	168.76	165.56	160.56	159.70
26	168.62	165.66	160.45	159.77
27	168.67	165.66	160.45	159.68
28	169.05	165.90	160.68	159.78
29	169.26	165.78	160.55	159.41
30	169.25	166.02	160.55	159.68
31	166.01	166.01	160.55	159.68

† Sunday. * Market closed.

	HIGH	Jan. 29	LOW	Jan. 2
1943	169.26	166.61	151.54	Jan. 2
1942	166.02	Dec. 30	123.03	Feb. 17
1941	150.54	Dec. 12	112.42	Aug. 19
1940	124.84	Dec. 31		

1942 FAILURES LOWEST SINCE 1919

THE year 1942 witnessed a total of 9,405 business failures with current liabilities of \$100,763,000. This was a decline of 21 per cent from the number in 1941, and the lowest annual total since 1919. Failures followed a generally declining trend during the entire year. In the last six months, however, the drop was unusually sharp, and monthly failures reached what was probably the lowest level on record in relation to the total number of concerns in business.

The failure rate adjusted for seasonal variation ranged during the year from 53 failures in March per 10,000 concerns in business to only 29 in December. The lowest monthly rate in the previous war period was about 40 failures per 10,000 business concerns.

Among the reasons for a smaller number of failures in war time are: (1) Increased business activity and purchasing power which keep in business concerns which might ordinarily go out; and (2) a rapidly declining business birth rate which keeps out of the picture many concerns which otherwise would open up for business and quickly close. The early years in business are the most hazardous for new enterprises, and it is probably not a mere coincidence that the accelerated drop in failures set in following a sharp decline in the business birth rate.

1942: In each of the three main industry groups, failures were about 25 per cent lower in 1942 than in 1941; in construction, there was some increase:

INDUSTRY GROUP	1942	1941	Per Cent Change
Manufacturing	1,505	1,974	-24
Wholesale Trade	760	1,045	-27
Retail Trade	5,889	7,589	-22
Construction	748	701	+7
Commercial Service	503	539	-7
Total	9,405	11,848	-21

SIZE GROUP	1942	1941	Per Cent Change
Under \$5,000	5,097	6,754	-25
\$5,000-\$25,000	3,525	4,116	-14
\$25,000-\$100,000	660	815	-19
\$100,000 and over	123	163	-25
Total	9,405	11,848	-21

Retail failures showed little decline until the latter part of the year. In the Spring and Summer months concerns went out of business in increasing numbers in such lines as building materials, hardware, furniture and house furnishings, automotive products, and drugs. In the closing months of the year, however, a decided falling off in failures in these lines was noted, together with a continuing decline in food and general merchandise stores, and apparel shops.

Manufacturing failures declined sharply early in the year, tended to rise during the Midsummer months, and then dropped to low levels in the last four months of the year. Trends in the most important manufacturing lines were very erratic from month to month. Food failures and textile failures followed in general the above-mentioned trend, but failures of paper and printing concerns, high in the early part of the year and low in the Summer months, showed signs of rising again at the end of the year. Furniture manufacturing failures likewise turned up toward the end of the year. Iron, steel, and machinery failures declined steadily after the Spring months.

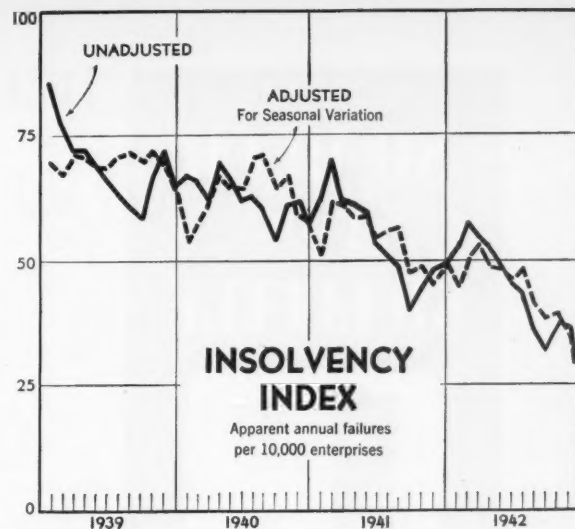
Small failures declined steadily throughout the year, whereas increases occurred during the Summer months in the number of failures with debts over \$25,000.

All sections of the country shared in the general failure decline during 1942, just as all sections have experienced a falling off in the number of business births. The smallest decline was reported in the Chicago area, while the sharpest drops were in the Philadelphia and Dallas districts. The falling off in other sections was singularly uniform.

Current liabilities of concerns failing in 1942 barely topped \$100,000,000, the smallest amount of potential credit losses through business failures since 1919. There has been a continuous decline in annual totals of current liabilities since the billion dollar peak in 1932.

December 1942: Failures in December established a new low, falling in each of the five main industry groups, moderately in manufacturing and retail trade, slightly in wholesale trade, and considerably in construction and commercial service. Very large failures were more numerous in December than in any month since early Summer. Failures in all other size groups declined. The decline was practically country-wide. In manufacturing, slight increases in the textile, food, iron, steel, and machinery groups were overbalanced by declines in lumber products, and paper and printing lines. Retail failures were down in all lines except furniture and house-furnishings, particularly in apparel shops, drug stores, and automotive lines.

Canadian failures numbered 609 in 1942 with liabilities of \$7,344,000, compared with 882 in 1941 with debts of \$6,959,000.



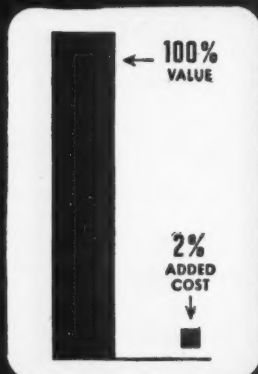
	December 1942	November 1942	December 1941	Per Cent Change
DUN'S INSOLVENCY INDEX*				
Unadjusted	29.1	36.5	49.5	-41
Adjusted, seasonally	29.1	34.8	49.5	-41
NUMBER OF FAILURES	506	585	898	-44
NUMBER BY SIZE OF DEBT				
Under \$5,000	281	319	481	-42
\$5,000-\$25,000	183	228	329	-44
\$25,000-\$100,000	30	34	68	-56
\$100,000 and over	12	4	20	-40
CURRENT LIABILITIES	\$6,950	\$5,245	\$13,469	-48
TOTAL LIABILITIES	\$7,382	\$5,345	\$16,131	-54

* Apparent annual failures per 10,000 enterprises.
More detailed figures appear in DUN'S STATISTICAL REVIEW.

FAILURES BY DIVISIONS OF INDUSTRY

	Number		Liabilities	
	Dec. 1942	Dec. 1941	Dec. 1942	Dec. 1941
(Current liabilities in thousands of dollars)				
MINING, MANUFACTURING	86	146	1,997	5,651
Mining—Coal, Oil, Miscellaneous	2	4	7	577
Food and Kindred Products	11	25	195	547
Textile Mill Products, Apparel	19	42	216	877
Lumber, Lumber Products	11	12	272	238
Paper, Printing, Publishing	12	14	77	206
Chemicals and Allied Products	3	11	12	254
Leather, Leather Products	3	6	40	159
Stone, Clay, Glass Products	4	3	49	81
Iron and Steel, and Products	4	4	120	553
Machinery	4	5	288	780
Transportation Equipment	3	1	525	2
Miscellaneous	10	19	196	1,377
WHOLESALE TRADE	44	87	846	1,471
Food and Farm Products	18	27	256	396
Apparel	1	6	4	57
Dry Goods	3	..	15
Lumber, Bldg. Mats., Hardware	7	9	339	119
Chemicals and Drugs	2	8	12	430
Motor Vehicles, Equipment	1	5	20	103
Miscellaneous	15	29	215	351
RETAIL TRADE	307	540	2,392	4,323
Food and Liquor	100	211	526	1,026
General Merchandise	12	34	93	295
Apparel and Accessories	25	51	557	370
Furniture, Home Furnishings	23	29	157	348
Lumber, Bldg. Mats., Hardware	10	26	74	347
Automotive Group	12	30	73	219
Eating and Drinking Places	74	94	571	672
Drug Stores	18	30	158	862
Miscellaneous	33	35	183	184
CONSTRUCTION	47	63	1,189	1,161
General Building Contractors	14	17	1,035	460
Building Sub-contractors	33	43	154	295
Other Contractors	3	..	406
COMMERCIAL SERVICE	22	62	526	863
Highway Transportation	4	11	40	368
Miscellaneous Public Services	1	1	190	50
Hotels	1	6	100	153
Cleaning, Dyeing, Repairing	3	9	6	55
Laundries	6	9	85	81
Undertakers	1	4	8	52
Other Personal Services	3	5	15	46
Business and Repair Services	4	17	82	58

SO MUCH FOR SO LITTLE



The finest L. L. Brown bond, instead of ordinary paper, adds only 2% to letter costs, but makes correspondence 100% in character, prestige, impressiveness. Your printer will be glad to furnish you with L. L. Brown papers.

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*Permanent grades

HERE *and* THERE in BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Huge Honer—A new machine designed and constructed by The Cooper-Bessemer Corporation is capable of honing the inside of a compressor or engine cylinder 26 inches in diameter and six feet long. R. L. Boyer, chief engineer, believes that previously no honing has ever been done on cylinders with a bore larger than 16 inches. There are three ways of finishing engine and compressor cylinders: boring, grinding, and honing. Mr. Boyer says that honing "creates a much more exact finish, reduces all consumption and cylinder wear." The honing machine stands about 20 feet high.

Victory Center—In consideration of the thousands who have had ideas on how the "war effort might be aided but floundered when they could not find a place to present them for intelligent consideration," Victory Center was born.

It is a non-partisan agency organized by volunteers to collect, to evaluate, and to place ideas to further the war effort with Government and civilian agencies. A group of experts skilled in every field studies each idea submitted. The address is 745 Fifth Avenue, New York City.

Lectrobreaters—Preventing atmospheric moisture from entering into oil and chemical tanks, Lectrobreaters permit only dry air to enter when a tank has been emptied or when a temperature drop creates a lower level. The unit can be mounted either directly upon the tank or piped to it. It is equipped with a color indicator to show when reactivation is needed or completed. It is made by the Pittsburgh Lectrodryer Corporation.

Electron Microscope—By applying electrostatic—instead of electromagnetic—focusing to the beam of electrons, General Electric's instrument is capable of producing images 10,000 times the subject's size. This compact mobile unit can be plugged into the regular 110-volt AC house circuit.

The beam of electrons passes through the specimen inside a vacuum chamber

and produces a visible picture on the fluorescent viewing screen. This image can then be photographed outside the tube and enlarged for a wall print known as an electronmicrograph. Formerly it was necessary to take the photograph inside the vacuum chamber. Unique features include the application of electrostatic fields as the electronic lenses. These guide the paths

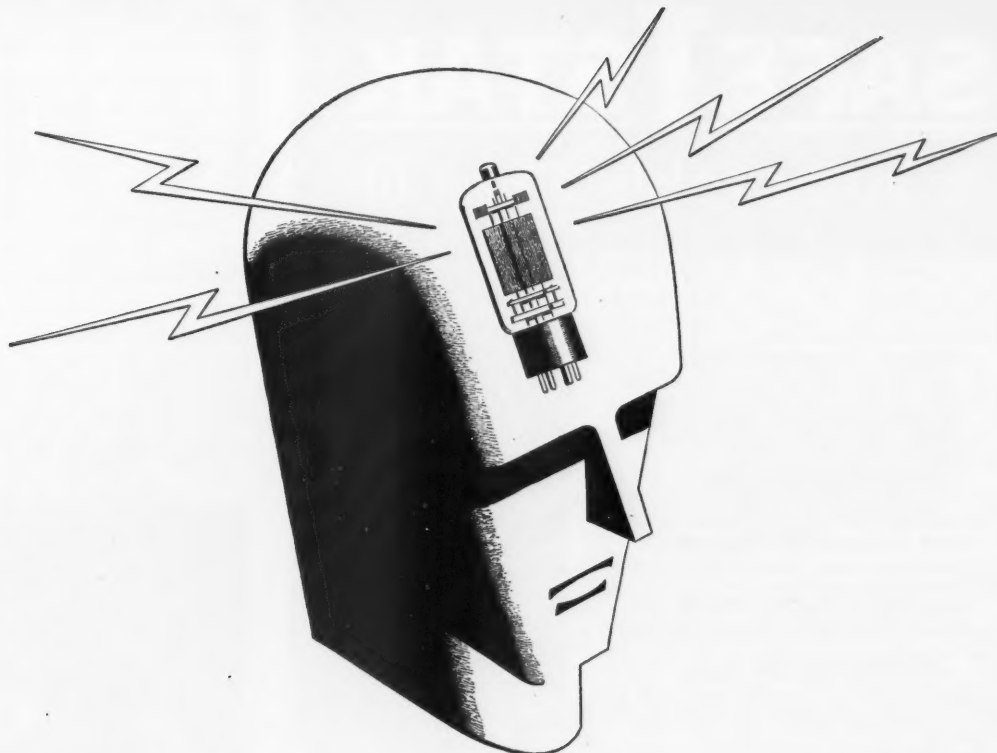


of electron waves through the instrument just as glass lenses guide light through ordinary optical microscopes.

It is believed this electrostatic principle can be developed far beyond its present use and may enable man to see and study for the first time the structure and hidden forces of atoms. At present the device will be available for use only in essential war laboratories and plants.

"Industrial" Music—Evidence gathered in recent studies by Prof. Harold Burriss-Meyer, director of sound research, Stevens Institute of Technology, confirms a belief long held by some that music accompanying work in factories increases production. Before the American Society of Mechanical Engineers he said this was true in more than 75 per cent of factories investigated, and cited other beneficial results, among them the decrease in Monday morning absenteeism.

For best results he believes programming must be done for the factory, if not for the specific operation, complaining that little music played in factories is pertinent to the endeavor it accompanies. He said when the composer "starts to think of his work as being first and oftenest performed in a fac-



RADIO... NERVE-CENTER OF VICTORY!

This is a war of science. Radio tubes add speed, precision and safety to hundreds of industrial operations, as well as to the performance of planes, ships and tanks. *Radio science is in the fight on every battlefield.*

This is a war of mobility and speed. Mobility on land, sea and in the air is made possible by speed of communication. *Radio carries voice, code and pictures at the speed of light.*

This is a war of morale. Soldiers, sailors and home folks must be informed and entertained. Understanding must be maintained with allied peoples. Courage and hope must be brought to those awaiting liberation. *Radio broadcasting builds morale.*

For more than two decades, the Radio Corporation of America has pioneered in the progressive development of radio, electronics and television. In the present crisis, those developments—in communications, broadcasting, research, engineering and manufacturing—are performing services of vital importance to the United Nations. Out of RCA's war experience will come new and finer products and services for industry, the home, and the nation—to help make life more than ever worth living.



RADIO CORPORATION OF AMERICA

RCA LEADS THE WAY IN RADIO, ELECTRONICS, TELEVISION

*The Services of RCA: RCA Victor Division • R.C.A. Communications, Inc.
Radiomarine Corporation of America • RCA Laboratories • National Broadcasting Co., Inc.
Blue Network Co., Inc. • RCA Institutes, Inc.*

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Army-Navy "E" to an RCA Instrument plant



Army-Navy "E" to an RCA Tube plant



Army-Navy "E" to the RCA Radiomarine Service

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Made of a new hard surfaced tempered Kraft board, green lacquer finish, built for long useful service. Rigid shell and drawer construction prevents binding when under load. No glue used in assembly.

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Special interlocks securely seat sections together both vertically and horizontally; no tools required.

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Will not loosen or pull thru the face of the drawer even in hard usage. Hangs flat.

STOCKED IN THE FLAT

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tory . . . when he sets for himself the task of making the work sing, then we may well have a musical idiom which is something new on the face of the earth: and what industry can do for music may be as important . . . as anything music can do for industry."

Impact Switch—Another in the long line of safety devices developed for army and navy planes is an ingenious switch that automatically discharges several pounds of liquid carbon dioxide into the engine compartment when a combat plane crashes. Developed by Walter Kidde & Company engineers it releases clouds of fire killing vapor into



MERCER

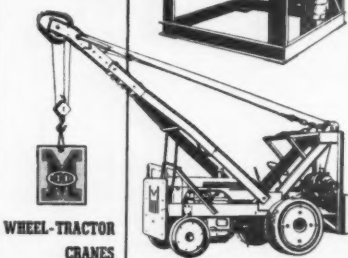
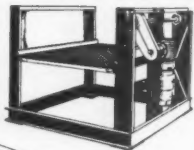
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WHEEL-TRACTOR
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These Mercer-engineered and Mercer-built units are but a few of the many types of material handling equipment designed and constructed by us to meet specific industrial problems. Our engineering facilities are at your service.

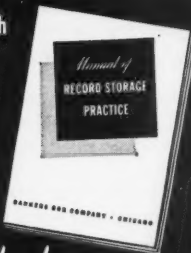
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Works: CLIFTON (ALLWOOD), N. J.

For Executives

concerned with
the storage
of office
and plant
records

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Manual of RECORD STORAGE PRACTICE



The makers of the famous **Liberty RECORD STORAGE BOX**, who have devoted over 24 years to the study of systematic record storage, and the manufacture of record storage products, have just completed this new 16-page manual. In addition to outlining recommended practices in record storage it lists virtually every standard type of record with a recommended number of years for retention.

In view of broad legislation concerning business, and regulations made by governmental agencies and bodies, no executive supervising the preservation of his concern's records should be without it.

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BANKERS BOX COMPANY

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an engine compartment even though the pilot is unconscious or is otherwise incapable of quick action. The switch contains a trigger device which can be set to go off under a force greater than encountered during sharp dives and twists of dog fighting or rough landings.

Rabbit Meat—It is said England has about 250,000 producing does. The Italian householder is required to maintain at least one, and there are between fifteen and twenty million does producing in Germany. There are no figures for the United States but the domestic rabbit fits in nicely with our Food for Freedom Program. This excellent quality meat can be grown quickly at very low cost, in backyards or in homes by almost anyone, young or old.

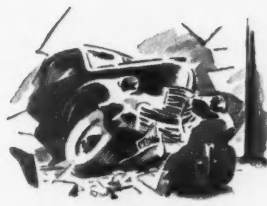
Recently The American Rabbit and Cavy Breeders Association, Inc., 7408 Normal Avenue, Chicago, distributed several thousands leaflets calling for 100,000 domestic rabbit breeders. Conservation Bulletin 25 of the Fish and

5 WAYS TO GET
a jolt *in the Pocketbook*
 ... as shown by actual cases from U. S. F. & G. files



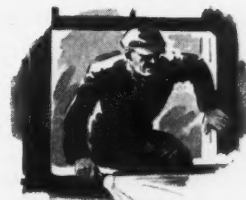
**SLIPS ON ICE,
 SUES
 FOR \$10,000**

It was only a small patch of ice on the sidewalk, but Mrs. _____ of New York State valued her injuries at \$10,000 when she slipped. It would have meant financial loss and courtroom headaches for the property owner, but thanks to a public liability policy with U. S. F. & G. the owner was protected and relieved of trouble and expense. You may get a jolt if someone is injured on your premises and sues you for damages.



**PLATE GLASS WINDOW
 SMASHED
 BY CAR**

The shopkeeper wasn't pleased to have an automobile in his display window ... because it had skidded in, out of control. But within 24 hours U. S. F. & G. had replaced the broken ... but insured ... glass. The life of display windows averages 8 years, and the cost of plate glass has been rising. You may get a jolt if your plate glass windows are smashed ... and not insured.



**ONE BURGLARY
 CAUSES
 30 CLAIMS**

Pity the poor tailor! Not only was his shop burglarized, but he was faced with 30 irate customers demanding full value for their stolen clothes. Fortunately his burglary insurance with U. S. F. & G. paid all of the claims. Today, with crime on the increase, you may get a jolt in the pocketbook unless you are adequately insured against burglary, robbery and similar hazards.



**HOW SHIPPING CLERK
 EMBEZZLED
 \$34,500**

When a shipping clerk turned salesman, stealing merchandise and selling it, he cleared \$34,500. His employers were only partially covered, having failed to take the amount of fidelity insurance recommended by their U. S. F. & G. agent. So the partly insured employers had to assume a large portion of the loss. If war is making you use new and untried workers, you may get a jolt unless you review your insurance in the light of today's conditions.



**INJURED BY
 EXPLODING
 BOTTLE**

Just three days after he mailed his U. S. F. & G. agent a check for the premium on a new \$10,000 accident and health policy, a ginger ale bottle exploded, completely blinding the insured in one eye. The U. S. F. & G. paid the claim. You may get a jolt from injury or illness unless you carry adequate accident and health insurance.

**Consult your Insurance
 Agent or Broker—as you
 would your Doctor or Lawyer**

To help you avoid serious financial jolts, your local U. S. F. & G. agent places at your disposal knowledge of insurance and how to use it—plus on-the-spot service in the payment of losses. He will be glad to make a Graphic Audit of your present insurance program—to help you guard against wartime risks which make an insurance audit imperative. Your U. S. F. & G. agent is one of thousands serving communities great and small throughout the United States, its possessions, and Canada. Consult him today.

U.S.F. & G.

UNITED STATES FIDELITY & GUARANTY CO.
 and its affiliate.

FIDELITY & GUARANTY FIRE CORPORATION

Home Office  Baltimore, Md.

BANKERS TRUST COMPANY NEW YORK



CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1942

ASSETS

Cash and Due from Banks	\$ 484,927,526.99
U. S. Government Securities	711,606,351.50
Loans and Bills Discounted	336,522,340.28
State and Municipal Securities	29,481,628.77
Other Securities and Investments	39,518,561.97
Real Estate Mortgages	1,866,095.06
Banking Premises	16,165,603.68
Other Real Estate	222,756.16
Accrued Interest and Accounts Receivable	3,780,054.40
Customers' Liability on Acceptances	989,421.65
	<u>\$1,625,080,340.46</u>

LIABILITIES

Capital	\$25,000,000.00	
Surplus	50,000,000.00	
Undivided Profits	40,171,788.74	\$ 115,171,788.74
Dividend Payable January 2, 1943	875,000.00	
Deposits	1,504,657,609.12	
Accrued Taxes, Interest, etc.	2,472,633.55	
Acceptances		
Outstanding	\$1,070,594.71	
Less Amount in Portfolio	81,173.06	989,421.65
Other Liabilities		913,887.40
		<u>\$1,625,080,340.46</u>

Securities in the above statement are carried in accordance with the method described in the annual report to stockholders, dated January 8, 1942. Assets carried at \$237,552,300.22 have been deposited to secure deposits, including \$230,198,667.70 of United States Government deposits, and for other purposes.

Member of the Federal Deposit Insurance Corporation

Wildlife Service, U. S. Department of the Interior, gives particulars on rabbit raising, and Leaflet No. 66, U. S. Department of Agriculture, contains a number of recipes, including one for rabbit chop suey.

Transportation—A new power industrial transportation unit does a three-way job of a load carrier, a crane, and a tractor. As a carrier it has an unobstructed platform seven feet long and a rated capacity of 6,000 pounds. As a crane it handles up to 2,000 pounds at 42 inches on the boom. As a tractor it first loads the trailers by means of its crane and then hauls them at speeds up to five miles an hour. Elwell-Parker Electric Co., Cleveland, makes it.

Nylon Bristles—Now helping to meet a critical war need, du Pont's nylon tapered paint brush bristles will assure a domestic source of bristle supply after the war. They have the required taper, resiliency, toughness, and inertness to paint ingredients.

Mothproof, they will not deteriorate in storage, dry out or rot, and may be cleaned with the usual cleaners. Taper is achieved by pulling a continuous nylon filament from a special spinneret at a controlled variable speed. The filaments are conditioned not to curl, and are ready for a brush handle when they reach the manufacturer.

It is estimated this country's brush manufacturers require four to five million pounds of bristle in a normal year. More than half the amount goes into paint brushes.

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LOCKER
RACKS
are now
available
in
"wood"

5 FT. INDUSTRIAL LOCKER RACKS
Accommodate 12 or 24
Hardboard and plywood construction,
single faced or back-to-back units.
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space for productive use. Provide each
employee with a coat hanger, individual-
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sanitary—exposed to air and light.
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Valet Racks ac-
commodate 6 or
12 persons.

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"ANYTHING containing IRON or STEEL"

**Industrial: Mining:
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Scrap-Iron Surplus Obsolete Stocks**

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DUN'S REVIEW

290 BROADWAY NEW YORK, N. Y.

SUBSCRIPTION: \$4 a year; \$10 for three years; 35 cents a copy. Outside the United States, \$5 a year.

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ASSOCIATE EDITORS: Walter Mitchell, Jr., and A. M. Sullivan (*Contributing*); David H. Lawlor; J. A. D'Andrea (*Statistician*); V. F. Hochette (*Business Conditions*); M. Patterson (*Regional Trade*); D. S. Davis (*Failures*); L. Richon (*In charge Business Condition Reference Material*); Clarence Switzer, (*Art Director*).

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● THE CONTROLLED MATERIALS PLAN is NOT complicated. But it does require a fact-controlled Inventory system that definitely schedules the flow of balanced materials into a pre-defined production program.

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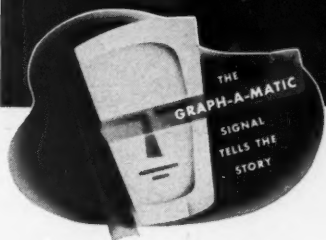
Why not follow the lead of 68% of all Army-Navy "E" Winners and inquire today about Kardex for your wartime record control needs? There's a Kardex solution to every problem . . . production, materials, procurement, personnel, any record requirement.

MATERIAL REQUIREMENT DATA

These orange signals indicate, by the month, when the last allotment and/or purchase was made. These green signals tell the month through which material production has been scheduled.

MATERIAL CONTROL DATA

The amount of material in inventories is graphically translated into the weeks or months of stock available against previous monthly consumption figures . . . or as actually scheduled into production.



FACT-POWER . . . exclusive with Kardex, means vital facts are signalled for instant selection, assuring prompt and accurate administrative action.

REMINGTON RAND

CHEMICAL & TRUST COMPANY

Founded 1824
165 Broadway, New York

CONDENSED STATEMENT OF CONDITION

At the close of business, December 31, 1942

ASSETS

Cash and Due from Banks	\$348,841,630.60
U. S. Government Obligations, Direct and Fully Guaranteed	536,810,141.33
Bankers' Acceptances and Call Loans	54,397,121.36
State and Municipal Bonds	67,844,004.88
Other Bonds and Investments	106,997,301.66
Loans and Discounts	162,982,846.20
Banking Houses	479,793.50
Other Real Estate	4,774,305.20
Mortgages	1,374,569.67
Credits Granted on Acceptances	2,252,611.80
Other Assets	3,229,536.82
	\$1,289,983,863.02

LIABILITIES

Capital Stock	\$20,000,000.00
Surplus	55,000,000.00
Undivided Profits	5,456,273.27
Dividend Payable Jan. 2, 1943	900,000.00
Reserves, Taxes, Interest, etc.	5,891,537.66
Acceptances Outstanding (less own acceptances held in portfolio)	\$4,886,471.71 1,961,302.02
Other Liabilities	380,478.04
Deposits (including Official and Certified Checks Outstanding \$18,711,049.67)	1,199,430,404.36
	\$1,289,983,863.02

U. S. Government Obligations and other securities carried at
\$315,963,984.64 in the foregoing statement are deposited to
secure public funds and for other purposes required by law.

Charter Member New York Clearing House Association
Member Federal Reserve System
Member Federal Deposit Insurance Corporation

SIMPLER THINGS

(Continued from page 10)

worth Company, with which I am connected.

This example will illuminate the fundamental relationship between simplification and standardization. To do an intelligent simplification job it is often necessary or at the very least advisable to standardize dimensions of the lines of products to be simplified. This practice injects another positive advantage into the simplification program: interchangeability of parts.

How essential such interchangeability can be in the production of goods for military use can be demonstrated by the unhappy experience of the British Eighth Army in Egypt prior to its presently successful campaign. There was one occasion when the British were unable to cope with General Rommel's concentrated attacks for the reason that one-third of the British tanks on the scene were out of action because they had to be stripped of vital parts to keep the remaining two-thirds in operation. Interchangeability of parts of standard design made it possible to keep the two-thirds in operation.

Gasoline Engines

The War Production Board is seriously concerned that lack of standard, interchangeable parts for American fighting equipment shall never bog down an American campaign. One important step in this direction is the present program for simplifying and standardizing the components of gasoline engines, one of the key pieces of equipment in a mechanized and motorized army. At present there are over 1,000,000 small gasoline engines on order by various Government agencies. Over 150 manufacturers are producing as many as 25 types of 40 basic engine models. Without some standardization program the chances for hopeless confusion and delay in repair are considerable. Standardization and simplification will avert this danger to war-front, battle-time efficiency.

Standardization also plays a part on the home front. To assure quality standards for fair-pricing purposes, the Office of Price Administration has established a Standards Division which will relate quality to price, thus protecting the interests of civilians on the

HEADWORK SAVES FOOTWORK

for your salesmen when they carry the new

Dun & Bradstreet
January 1943
State Pocket Edition

In these days of gas rationing, travel saving, and manpower shortages you can help your salesman save valuable time and energy with the latest information on his customers and prospects.

Dun & Bradstreet, Inc.
The Mercantile Agency



The new January edition lists hundreds of important changes among your customers and prospects.



Note the CARBINE...

"a weapon of great merit"

"Little has been said of the new army carbine, but we believe it to be a weapon of great merit. It is a short rifle, 36 inches long, and 5 pounds in weight, half the weight of the ordinary rifle. All the men and the officers in the infantry who have been armed with the pistol will carry the carbine instead. That includes sergeants and all commissioned officers up through majors. It holds 15 cartridges in the magazine and is semiautomatic, like the Garand rifle. It fires a .30 caliber cartridge and is accurate up to any distance that soldiers usually fire at the enemy. We are beginning to get production in volume."

ROBERT P. PATTERSON, *Under Secretary of War.*



TO OUR MILLIONS OF VALUED CUSTOMERS: Accounting and adding machines are still available (under WPB regulations) for purchase by plants engaged in war work.

Our maintenance service from coast to coast, which you have come to rely on, is being kept in complete and efficient operation.

Spare parts, too—we are providing for all your Underwood, Sundstrand and Elliott Fisher machines—as well as a complete line of carbon paper and ribbons, unsurpassed in quality, for every make of office machine.

UNDERWOOD ELLIOTT FISHER COMPANY, One Park Ave., New York

★ Enlist Your Dollars Buy More War Bonds To Shorten The Duration

Winchester carbines are now in mass production by

Underwood Elliott Fisher Company

Former and Future Makers of Typewriters, Adding and Accounting Machines



KEY WAR WORKERS

The man who works with ruling pen, compass and T square often has the vital data on war machines in his head as well as on the tracing paper. The loyalty and integrity of the engineer, designer and draftsman and all technicians in war industry should be beyond question.

The Dun & Bradstreet War Production Employee Reports

enable you to see a rounded picture of the key employee, his family background, occupational record and war attitude, and this information is available on every key employee or applicant. All investigations are conducted by a skilled and experienced staff who know the local sources of information, and can readily verify the authenticity of references from files which are constantly revised.

Protect your plant premises, production and confidential information by taking precautionary measures **NOW**. One interruption avoided in your production schedule, or the prevention of one confidential item from reaching enemy ears would justify the total cost of Dun & Bradstreet War Production Reports on all of your employees.

DUN & BRADSTREET, INC.

There is a Dun & Bradstreet office in every industrial area in the United States. The local manager will be pleased to help you.

home front. The Office of Civilian Supply of the War Production Board also maintains a standards division, with a responsibility to the consumer.

Much excellent work in standardization practice during wartime has been accomplished by the American Standards Association. Also a child of the last World War, organized in 1918 when the international standardization organizations (originally developed in Germany) were in a state of flux and dissolution, the American Standards Association is today a federation of 74 national organizations including 45 trade associations, 19 technical associations, 10 major branches of the Federal Government, and 2,000 industrial concerns. It has promulgated, under democratic procedure, some 500 American Standards, covering electrical equipment, construction, ferrous metals, mining, chemical, and wood industries, as well as a number of American Safety Standards. To meet war conditions, the Association has provided American Defense Emergency Standards, which bracket a wide variety of engineering, industrial, and public safety fields. The Association brought about the use of standard colors for traffic signals from coast to coast: green for "go," red for "stop," and yellow for "caution."

My own experiences with standardization in industrial operation have long inclined me to expound its very personal advantages from the business executive or Government official's point of view. I have been impressed that the use of effective standards is one of the most reliable escape valves that an executive can have to cut down the pressure under which he lives. Standards reduce the number of conferences necessary to hold, conferences concerning misfires, controversies in plant operation, and controversies with customers. By reducing things to simple routine, that is, to standard practice, executives are released from the need for making minor decisions. Indeed, standardization is a bright key to industrial administration.

In wartime, standardization and simplification are the best means we have of assuring an adequate standard of living even in the teeth of an increasing "bite" out of our productive capacity as a result of expanding military requirements. The all-out simplification and standardization program which we

are now speeding to completion will not only aid the general war effort but will also be of benefit to the buying public, the manufacturer, the jobber, wholesaler, and retailer.

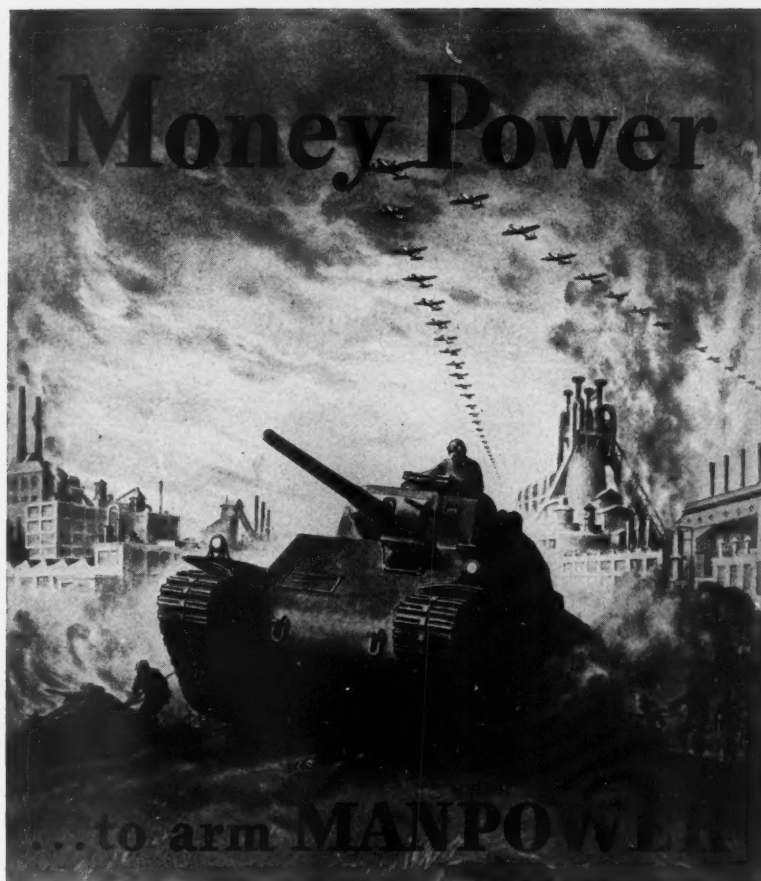
For the production of the guns, tanks, planes, and the other tough tools of modern war, raising the banners of Simplification and Standardization will conserve critical raw materials, increase productive capacity, reduce transportation loads, cut down inventories, increase warehouse space, and above all free manpower for the production of essential war goods.

To the consumer, simplification and standardization mean better values, better service, quicker delivery, easier repairs and, above all, higher quality of goods for the same price.

In simplification and standardization the manufacturer finds the advantages of longer factory runs with fewer change-overs; fewer idle man hours; less capital bound up in slow moving stocks; less stock to handle; simplified inspection requirements; larger production units; less special machinery, less obsolescence; and less chance of error in shipment and delivery.

Vendors at wholesale and retail can look to the expanding simplification program to give them increased turnover, staple lines which are easy to buy and sell, and greater concentration of sales effort on fewer items. They will have to invest less money in new stocks and repair parts; they will be able to get along more serviceably with smaller inventories, an increasing requirement under war conditions. In general, they will find in simplification and standardization a universal engineer who will decrease their overhead and handling charges on all kinds of merchandise.

In wartime, in a "seller's market," such as we now have, when business-as-usual is not justified, when everyone scrambles for merchandise, when deliveries not sales are the problem, a nation-wide simplification and standardization program is not only our best tool for increasing war production but also is the best answer that the War Production Board can give to the business man's prayer for easier ways of doing business under wartime restrictions. Simplification can forestall shortages in consumer goods and often rationing. It is the best single way of upholding our standard of living.



A Financing Plan for War-Time Industries

Back of the fighters are the factories.

Behind the front lines, there's the battle of the assembly lines, a battle that must be won before our combat forces can do their job.

Money is the ammunition needed here.

To maintain the larger inventories, hold to higher production schedules, meet the higher payrolls and pay the higher taxes, more working capital is, in most cases, an absolute necessity.

If financing is one of your problems, Commercial Credit service is the solution to it.

We are prepared to advance mil-

lions to concerns either engaged in, or seeking contracts for military or essential civilian production.

If your present financing connections are not in a position to supply your needs adequately, or if the conditions of granting increased credits are too restrictive, it will pay you to get in touch with us.

We are not slowed down by red-tape. We do not interfere in any way with your management. We will build a financing plan to meet your particular needs at a reasonable cost.

If interested, wire or write for an interview at your convenience. Address Dept. 2501.

Commercial Credit Company Baltimore

Subsidiaries: New York Chicago San Francisco Los Angeles Portland, Ore.

CAPITAL AND SURPLUS MORE THAN \$65,000,000

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York

Condensed Statement of Condition as of December 31, 1942

(In Dollars)

INCLUDING DOMESTIC AND FOREIGN BRANCHES

ASSETS

Cash and Due from Banks and Bankers	\$ 901,172,805
United States Government Obligations (Direct or Fully Guaranteed)	1,988,096,539
Obligations of Other Federal Agencies	40,685,588
State and Municipal Securities	157,477,345
Other Securities	41,153,413
Loans, Discounts, and Bankers' Acceptances	573,450,840
Real Estate Loans and Securities	5,463,330
Customers' Liability for Acceptances	3,630,239
Stock in Federal Reserve Bank	4,650,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	38,160,040
Other Assets	731,142
Total	\$3,761,671,281

LIABILITIES

Deposits	\$3,555,940,023
(Includes United States War Loan Deposit \$639,736,171)	
Liability on Acceptances and Bills	\$ 5,949,927
Less: Own Acceptances in Portfolio	1,492,112
Items in Transit with Branches	9,551,054
Reserves for:	
Unearned Discount and Other Unearned Income	2,226,619
Interest, Taxes, Other Accrued Expenses, etc.	7,602,320
Dividend	3,100,000
Capital	\$77,500,000
Surplus	77,500,000
Undivided Profits	23,793,450
Total	\$3,761,671,281

Figures of foreign branches are as of December 23, 1942, except those for enemy-occupied branches which are prior to occupation but less reserves.

\$775,828,299 of United States Government Obligations and \$13,564,326 of other assets are deposited to secure \$732,519,800 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

